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De Klerk and Mandela Given Nobel Peace Prize

By Paul Taylor
WASHINGTON Post Service
JOHANNESBURG — Nelson Mandela, president of the African National Congress, and President Frederik W. de Klerk of South Africa were jointly awarded the 1993 Nobel Peace Prize on Friday for their efforts to dismantle apartheid.

Mr. Mandela, 75, called the honor a "deeply humbling experience." Mr. de Klerk, 57, said he was "basically a modest man" and "was embarrassed in a certain sense of the word."

nage coming in factional fighting between the ANC and its rival in the black community, the mainly Zulu Inkatha Freedom Party. As the election date approaches, Inkatha and parties representing the white right have stepped up their warnings of civil war.

Death Sentence For Killers of South African

JOHANNESBURG — Two white extremists convicted of assassinating Chris Hani, the leader of the South African Communist Party, received the death sentence Friday, sparking jubilation among blacks outside the courtroom.



ANC supporters celebrating the death sentence passed Friday on the killers of Chris Hani, the Communist Party chief.

U.S. Sends Warships To Blockade Haiti But Military Rulers Show No Sign Of Caving In to Clinton's Pressure

PORT-AU-PRINCE, Haiti — President Bill Clinton ordered United States naval ships to enforce an international embargo against Haiti on Friday, but the island's military rulers showed no signs of bowing to pressure or restoring democracy.

Mr. Clinton said there were "important American interests at stake in Haiti," in particular protecting the safety of Americans, promoting democracy and trying to avoid any resumed tide of Haitian refugees to the United States.

Model Palestinian Political System: None of the Above

By David Hoffman
WASHINGTON Post Service
JERUSALEM — The day after signing the peace accord with Israel, Yasser Arafat, the Palestine Liberation Organization chairman, vowed that the new Palestinian authority in the West Bank and Gaza Strip would be based on "democracy and more democracy and more democracy."

Mr. Arafat's pledge and Mr. Abu Shaaban's sly capture the dream and the nightmare of Palestinian self-government as the day approaches when nearly 2 million Palestinians in the West Bank and Gaza gain control over their own affairs for the first time in decades.

"I think they would like to, but I am not sure they can," Mr. Khateeb said. "The Palestinians have not yet experienced democratic life. There is a difference between the emotional desire and being able to practice it. You cannot just decide to practice democracy; it is something

common-sense parlance," adding: "We would block any prohibited material and goods and anything subject to the sanctions from going into the country. That is our goal."

Mr. Clinton said he was taking these steps until the military regime in Haiti acted to "put democracy back on track."

Kiosk
Moscow Coup Leaders Are Charged
Dow Jones Up 8.10
Trib Index Up 1.07%



Kim Gyoung Il of North Korea, left, and Saad Numan of Iraq battling for the ball Friday.

Politics Offside in Soccer Qatar Organizers Hope to Maintain Peace as Foes Battle for '94 Cup Bids

By Christopher Clarey
NEW YORK Times Service
DOHA, Qatar — It was lunchtime at the Gulf Sheraton Hotel.

North Korea staged a 3-2 comeback victory over Iraq, which was making its first appearance in a major international competition since 1989.

An 'All-American' California Town Goes All Out to Find a Kidnapped Girl

By Christine Spolar
WASHINGTON Post Service
PETALUMA, California — No one can pass through this small town in the dust-brown hills of Sonoma Valley and not know that something terrible has happened to 12-year-old Polly Klaas.

volunteers scurried through cold rain to post new, lifelike sketches of a man who allegedly took the child at knifepoint.

later, by one of the girls, standing wide-eyed at the edge of her bed. A man with a big knife had come into the house, tied them up and taken Polly, the girl said.

several years to Allan Nichol, but the couple, who also have a daughter, 6, separated a year ago.

STATESIDE / NEW HEALTH NUMBERS



THE NEW AIR FORCE BOSS — The secretary of the air force, Sheila E. Widnall, 54, the first woman to serve as secretary of an American armed service, reviewing troops in dress gear in Washington. Deputy Defense Secretary William J. Perry is at the left.

POLITICAL NOTES

House Rebuffs Leadership on Aid for Jobless

WASHINGTON — In an embarrassing defeat for the Democratic leadership, the House of Representatives has rejected a plan to extend emergency benefits for workers who had been unemployed more than six months and had exhausted their state benefits.

Congressional budget rules require that the \$1 billion cost of extending the benefits be offset by spending cuts or tax increases, but Democrats were deeply divided over where to come up with the money.

Representative Dan Rostenkowski, Democrat of Illinois, who heads the Ways and Means Committee, had wanted to save \$331 million to help pay for the extension by requiring immigrants to wait five years after their arrival, instead of three, to become eligible for Supplemental Security Income, a program for the disabled, elderly, and blind.

But after strong opposition from the 15-member Hispanic caucus, the leadership instead proposed to save the same amount of money by reducing the extended benefits from four months to three, a strategy that splintered the party's rank-and-file. The leadership plan was defeated on Thursday by a procedural vote of 274 to 149.

The unemployment bill's fate now appears uncertain, and 60,000 unemployed workers who would become eligible for federal extended benefits each week now face a delay in their benefits. (NYT)

The effort to impose a new kind of litmus test comes as the White House is preparing to fill dozens of vacancies in the federal courts, hoping to counter 12 years of Republican rule in which hundreds of conservative lawyers were appointed to the bench.

Senator Orrin G. Hatch of Utah, the ranking Republican on the Judiciary Committee, said that although he did not consider the death penalty a litmus test issue, he would carefully scrutinize any judicial nominees to ensure that they "are not starry-eyed about it."

"Where the death penalty is warranted, we don't need judges who look for excuses not to carry it out," he added.

The Republicans are in the minority in the Senate and could not defeat any nominees without some Democratic support. Nonetheless, senior Republican staff members said the death penalty was a politically potent issue and worth raising, even if they have limited success in opposing judicial nominees.

It was not clear how many other Republicans in the Senate would join in the effort to emphasize the death penalty issue in judicial confirmations, but the staff members said it was expected that many would do so. (NYT)

Senator Bob Kerrey, Democrat of Nebraska, faulting Clinton administration plans for \$12 billion to \$15 billion in budget savings over the next five years under which some money would be used to pay for programs that Mr. Clinton favors: "I think it's a mistake to go to the American people and say, 'I want to spend less money, but oh, by the way, I also want to spend more.'" (NYT)

Deficit Won't Fall by as Much as Planned

By Steven Greenhouse
New York Times Service

WASHINGTON — Acknowledging that its plan to overhaul the health-care system will be more expensive than expected, the Clinton administration has lowered its estimate of how much the plan would cut the budget deficit.

At a time of intense political jockeying, when the administration is under pressure to demonstrate that its plan is credible, several officials said Thursday that the plan would reduce the deficit by \$70 billion to \$80 billion between 1994 and 2000, down from the original estimate of \$91 billion.

One reason for the lower estimate is that the administration, recognizing that full savings would not occur until every state takes part, has concluded that some states will not be ready to join the program by Jan. 1, 1997, as it had first expected.

These details emerged as the administration rushed to put the finishing touches on the plan in the hope of giving Congress a formal legislative proposal late next week.

The new estimates come after an intense round of number crunching, which officials asserted used conservative projections to combat charges by members of Congress and outside health-care experts that the administration's financial estimates are too optimistic.

Administration officials said it was hard to predict exactly how much money will be saved or spent in an overhaul of something as large as the health sector, which represents one-seventh of the economy.

Leon E. Panetta, the White House budget director, said the health plan would pare the deficit by \$10 billion to \$20 billion less than the \$91 billion estimate. Another official said the reduction would be "around \$70 billion."

Under the revised plan, the administration has decided to take back some of the gains that companies would realize from the proposal to have the federal government pay most health costs for early retirees. For the first three years, companies would have to repay to the government half the money they save when the government takes over most of their insurance costs for early retirees. From the fourth year on, companies would keep the full benefits.

"This is not a change in policy," said Christine Heenan, an administration health-policy adviser. "These companies are experiencing a windfall, and we have always said there would be an assessment."

Officials have usually talked about a one-time assessment, not a three-year assessment. This new assessment was reported Thursday in The Wall Street Journal.

"We're looking at how best to put it into operation," said Judith Feder, deputy assistant secretary of health and human services, who testified on Thursday before the House Ways and Means subcommittee on health.

Officials said the money would be used to offset losses in the trust funds for Medicare health insurance for the elderly and the disabled and for Social Security retirement benefits that are expected to result when the plan causes an increase in the number of early retirees.

The president proposed to lighten the corporate burden of paying for health insurance for retired people under 65 because he was concerned that this burden was hurting the competitiveness of large manufacturers. At present, many pay the full cost of health insurance for early retirees, but the president has proposed that the companies pay 30 percent and the federal government pay 70 percent. This provision will cost \$4.5 billion to \$6 billion a year, officials said.

In preparing its estimates, the government relied on its own forecast that inflation would be 3.5 percent a year through the year 2000. That is significantly higher than the Congressional Budget Office's 2.7 percent-a-year forecast.

Reality Time in Ailing Atlanta

Olympics or Not, Mayoral Aspirants Focus on Urban Ills

By Peter Applebome
New York Times Service

ATLANTA — With its boomtown image, long history of powerhouse mayors and giddy anticipation of hosting the 1996 Olympics, Atlanta should be one place where urban politics has the potential to rise above the nation's urban ills.

But instead of grand visions of renewal, three politicians are waging a campaign centered on issues of crime, corruption and government efficiency. The race underscores the pervasiveness of the nation's urban ills and the gap between real-world Atlanta and the glittering international pageant it will put on in 1996.

The race also marks a transition from leadership that rose to prominence in the civil rights era to a new generation in a city often associated with black political power. For the first time in 20 years there will be a mayor other than Maynard Jackson or Andrew Young.

The three major candidates are Bill Campbell and Myrtle Davis, City Council members, and Michael Lomax, a former Fulton County Commission chairman.

The three have mounted a civilized, relatively low-key race in which polls show Mr. Campbell with a healthy lead. The winner of the Nov. 2 election will seek to lead a city whose problems have more in common with other large cities than with the rest of its largely prosperous metropolitan area.

"The state of affairs they are confronting is a tremendously defective infrastructure, the awesome task of hosting the Olympics, an impossible nightmare of drug-related crime," said Sam Massell, Atlanta's mayor from 1969 to 1973, who now heads the Buckhead Coalition, a business organization in the city's affluent, white-dominated northern tier.

The race was not supposed to have turned out this way.

Mr. Jackson, who became Atlanta's first black mayor in 1973, had been considered a shoo-in for reelection. That would have continued Atlanta's remarkable two-man mayoral rotation, which saw Mr. Jackson elected in 1973 and 1977, Mr. Young in 1981 and 1985, and Mr. Jackson in 1989.

But Mr. Jackson, citing the effects of a heart-bypass operation this year and the financial sacrifice of being mayor, shocked supporters in June by saying he would not run again.

Business leaders begged Mr. Young, now a highly paid executive with an engineering firm, to run again, but he, too, said no.

These decisions have brought along a generational change in Atlanta politics and its black community four years sooner than anyone had anticipated.

Still, the candidates and the issue-oriented race they have waged have generally drawn favorable notices from the local press. The early leader is Mr. Campbell, 40, a 12-year council veteran with degrees from Vanderbilt University and Duke Law School.

He has skillfully appealed both to poor blacks and affluent whites and has the endorsement of Mr. Jackson. His main opposition figures to be Mr. Lomax, 46, a brainy but chilly English professor turned politician who ran unsuccessfully against Mr. Jackson four years ago.

Lagging behind has been Mrs. Davis, 62, a council veteran who is widely admired by political insiders but has failed to create much excitement.

France Will Send Suspect to Texas

The Associated Press

PARIS — Ending a legal wrangle that strained French-U.S. relations, the Council of State on Friday approved the extradition of a Texas woman charged with hiring a man to kill her husband's girlfriend in 1983.

The council determined that U.S. and Texas authorities had given adequate assurances that Joy Davis Aylor, 44, would not be executed.

Mrs. Aylor skipped bail in 1988, fled to the French Riviera and was arrested there in 1991 after a traffic accident. France outlawed the death penalty in 1981, and refuses to extradite suspects who face possible execution.



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AMERICAN TOPICS

Assaying the Arts: Jobs and Salaries

In 1992 the arts and other cultural activities in the New York metropolitan region generated almost \$3.5 billion in wages, salaries and royalties, a 10 percent increase over the last decade...

Short Takes

About two-thirds of major American companies now have some kind of diversity training program to encourage tolerance. Results are mixed.

Away From Politics

The secretary of the navy, John Dalton, is set to recommend that dozens of top navy officers be disciplined for their failure to prevent the Tailhook sex abuse scandal...

the city of Portland, Oregon. "I'm a middle-aged guy and my mind is made up. Sitting in a classroom all day isn't going to change me one iota."

The U.S. Census Bureau has stopped making a separate count of farm residents, reflecting the diminished role of the family farm. In 1990, at the time of the first decennial census, 95 percent of the population lived in rural areas...

Bert Lance lasted nine months as President Jimmy Carter's budget director before being accused of fraud and other improprieties, charges of which he was acquitted after three years.

Arthur Higbee

Haitian Elite Gets Cold Feet: Did It Back Wrong Coup?

By Douglas Farah

Washington Post Service PORT-AU-PRINCE, Haiti — The Haitian military, on a collision course with the international community...

Business officials, analysts and diplomats said the economic embargo imposed by the United Nations in June so battered the economy that many who had supported the coup...

Father Aristide was overthrown by the military on Sept. 30, 1991, seven months after taking office. He was the first democratically elected president in Haiti's turbulent history...

A fiery Roman Catholic priest, he was an outspoken critic of the Duvalier dictatorship, which ruled from 1957 to 1986. His populism, and occasional sermons that seemed to endorse violent revolution...

"He is a failure, and now we have to accept the fact Aristide is president. All we can do is hope the international community keeps him from his own worst instincts."

Another businessman said it was not the traditional elite that were actively opposing Father Aristide now.

It is the young guys who made a lot of money fast after the coup, who have a certain lifestyle and are not about to give it up."

Their rationale for what they are doing is hard to see, except that they want to cling to power in an irrational, hysterical way, to certain prerogatives of power, said the UN special envoy, Dante Caputo.



General Raoul Cedras, meeting the press, did not say whether he would be stepping down Friday.

PLO: Just What Form Should Self-Rule Really Take?

Continued from Page 1

people have to be growing with for decades."

At the popular level, Palestinians in the West Bank and Gaza are fiercely anti-authoritarian and would probably not accept the rule of a military strongman.

A major handicap for the Palestinians is their long history of statelessness. During the past century, they have been ruled successively by the Ottoman Empire, Britain, Jordan, Egypt and Israel. For de-

cedes, Palestinian society was dominated by traditional leadership, such as village mukhtars, or powerful clans and families.

In a detailed study by Palestinian and Norwegian scholars, a broad cross section of Palestinians was asked to choose from seven political systems. "None of these" was the overwhelming favorite of 68 percent. Jordan was the choice of 13 percent; the United States, 3 percent.

"For the vast majority of Palestinians," the study concluded, "no country seems to provide a model."

One of the major advantages for Palestinians — perhaps the core of their future politics — is a thriving pluralism and a strong middle class of well-educated professionals who will insist on individual rights.

George Giacaman, dean of the faculty of arts at Bir Zeit University and director of the Palestinian Institute for the Study of Democracy, said that modern political parties and movements sprang up after Israel's capture of the West Bank and Gaza in the 1967 Arab-Israeli war.

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Thinking About Education? Then don't miss the Education Directory every Tuesday in the Trib. HERALD TRIBUNE

U.S. Acts To Aid Ukraine

Teams to Study Economy, Arms

By Thomas W. Lippman Washington Post Service WASHINGTON — Alarmed by Ukraine's economic free fall and frustrated by repeated failures to reach agreement on the fate of Ukraine's nuclear weapons, the Clinton administration is sending two high-level teams there next week in preparation for a visit by Secretary of State Warren M. Christopher later this month. They will try to break a potentially dangerous impasse in which the economic crisis has weakened the government of President Leonid M. Kravchuk, making it harder for him to overcome parliamentary opposition to a nuclear agreement, and blocking \$175 million in U.S. financial aid, senior officials said. "Ukraine is a major problem area," Gloria Duffy, deputy assistant secretary of defense, said at a meeting with reporters Thursday. Ukraine, a nation of 52 million people between Russia and Poland, was the second most populous republic of the former Soviet Union. It has been independent since 1991, but is still locked in disputes with Moscow over its nuclear weapons, which parallel Ukraine's differences with Washington. Unlike Belarus and Kazakhstan, former Soviet states that have agreed to dismantle nuclear weapons on their territory and ship them back to Russia, Ukraine is continuing to hold out, despite Mr. Kravchuk's commitment to follow the other republics' course, Ms. Duffy said. "Powerful people in the parliament don't want Ukraine to give up its nuclear weapons," a State Department official said. "They're wrong. It's necessary if they are going to get one dollar." Congress appropriated \$800 million to help the former Soviet republics dismantle their weapons. Ms. Duffy said Washington and Kiev had been "very close to signing an umbrella agreement" covering the use of the U.S. aid in early September. But conflicts within Ukraine, including the dismissal of the defense minister, General Konstantin Morozov, blocked it, she said. The Clinton administration agreed in July to release \$175 million in dismantlement aid when Ukraine announced that it had begun dismantling 10 of its SS-19 nuclear tipped missiles aimed at the United States. Ukraine is believed to have a total of 1,800 nuclear warheads. But the aid was never released, she said Thursday, because the U.S. law requires a signed agreement specifying what it is to be used for.

44 Jailed in Logging Protest The Associated Press VICTORIA, British Columbia — A judge has sentenced 44 environmentalists to jail for blocking logging roads this summer in Clayoquot Sound on the western coast of Vancouver Island, one of the world's few remaining temperate rain forests. Most received 45-day sentences on Thursday.



Police officers in Moscow checking the papers of two men from the Caucasus as part of a roundup and expulsion of many non-Russians.

Yeltsin Orders Vote on New Constitution

By Craig R. Whitney New York Times Service MOSCOW — President Boris N. Yeltsin, continuing to change the Russian political system by fiat, on Friday ordered a referendum Dec. 12 on whether to accept a constitution that is not yet completed and that voters have not seen. He decreed that when Russians throughout the vast country vote for a new, two-chamber legislature that day, they would also find a single referendum question on the ballot: "Do you agree to the constitution of the Russian Federation? Yes or No."

U.S. and Nuclear Agency Raise Ante With North Korea on Inspections

By David E. Sanger New York Times Service TOKYO — The United States and the International Atomic Energy Agency have warned North Korea that they will seek action by the United Nations Security Council unless Pyongyang admits inspectors to its nuclear sites within two weeks, according to officials in several countries. For months the Clinton administration has been trying to keep the issue of North Korea's suspected nuclear weapons out of the Security Council, in hopes that its direct talks with Pyongyang — the first since the Korean War — would derail its effort to build a nuclear bomb. But officials from South Korea and Japan, who have also been involved, now characterize the talks as an empty exercise that has allowed North Korea to buy time. Officials of the International Atomic Energy Agency in Vienna, which conducts the inspections, said North Korea had repeatedly prevented inspectors from servicing equipment monitoring nuclear sites. The equipment is expected to run out of film and batteries next month. "We are coming up on something of a technical deadline, and North Korea has not been responsive at all," said David Kyd, the agency's spokesman. South Korean and Japanese officials said, however, they did not know if the Clinton administration was ready to confront North Korea over its months of foot-dragging, especially at a time when Washington's attentions are preoccupied by Somalia, Bosnia and Haiti. "Economic sanctions are the last card, and no one wants to use it too early," said a senior Japanese official who has been involved in the effort to persuade Pyongyang to end its project. "One of the problems we are concerned about is that the North might lash out in response." On Wednesday in Vienna, North Korean officials said they had broken off all dealings with the atomic agency, charging that it is biased and manipulated by the United States and its intelligence agencies.

Meeting Is a Failure South and North Korea met at their border for the second time in 10 days on Friday but failed to settle the dispute over inspection of nuclear arms plants in the North, Reuters reported from Seoul. A southern spokesman said the two sides broke up after two and a half hours of fruitless talks on a proposed exchange of special envoys, which Seoul considers the key to the nuclear question. "The two sides only agreed to meet again on Oct. 25," the spokesman said. "There is no sign the exchange visit of special envoys will take place in the near future."

Reaction from newspapers unaffected by the ban has been timid. Martial law is expected to be lifted next Monday, but according to Yuri Luzhkov, the mayor of Moscow, Mr. Yeltsin liked one of its effects so much he wants to make that permanent, too — tight controls on traders and merchants from the Caucasus region and other non-Russian countries. Thousands of them have been rounded up, accused of bribery, black-marketeering, and other crimes, and swept out of the capital since martial law went into effect.

One former dissident, Pyotr M. Abovyn-Yegides, was even present to speak up for the right of his former tormentors to speak out against the government. "Democracy starts with the right of the people to hear a variety of different opinions," he said. "All the opposition newspapers are being closed, but without a principled opposition there is no democracy." Sovetskaya Rossiya, an ultranationalist anti-Yeltsin newspaper that was also told to find another name and replace its editor or remain closed, is also taking the government to court, according to its editor, Valentin V. Chikin. Three of the banned newspapers' editors said Friday that the notification they had received had given no legal justification for the ban, citing only the martial law decrees.

Tajikistan's Regime of Fear Independence Fails to End Rights Abuses

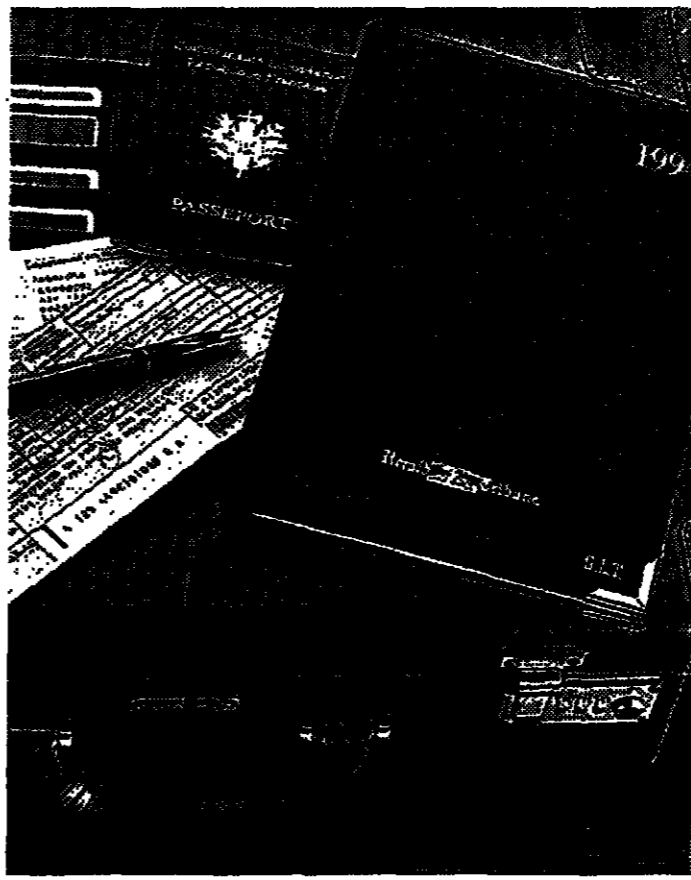
By Raymond Bonner New York Times Service DUSHANBE, Tajikistan — When the Soviet Union was disintegrating, one of the first statues of Lenin in Central Asia to be pulled down was in this sleepy capital. It was replaced by a statue of Firdausi, a 10th-century poet. Yet today, poets and writers are in jail or in exile, and on tree-lined boulevards, neon hammer-and-sickle emblems hang from the lampposts. Two years after Tajikistan declared its independence, there is still no private ownership of land, and the collective and state farms in the south, where cotton is king, still bear names like Lenin, Communism, and Fifty Years of the Soviet Union. At the University of Dushanbe, Communists challenge democratically minded professors. The hallway in a rural primary school is lined with photographs of Tajik heroes of the Bolshevik Revolution. "We are still a Communist country," said Safarali Boyuzarov, the school's principal. In spite of all this, Tajik and foreign observers insist, the government is not really Communist. The Tajik leaders, these observers say, have no deep ideological commitment but are devoted primarily to staying in power. A local university professor said it would be more accurate to describe the government as totalitarian. Whatever the labels, government officials are not talking. Repeated requests for interviews drew no response. Whatever the government's shortcomings, it has the backing of Moscow and Washington because the alternative, as they see it, is a government under the influence of radical Islamic elements from abroad. The main backer is Russia, which has more than 20,000 troops in Tajikistan whose primary mission is to keep fighters, weapons and drugs from entering from Afghanistan. There are also daily skirmishes between Afghan and Russian troops. The fighting is an outgrowth of violence last year that convulsed Tajikistan, a backward nation of about 5.6 million people. Though no one knows for sure, it has been generally reported that at least 20,000 were killed and that more than half a million were forced to flee their homes. But the struggle is not a battle between communism and Islamic fundamentalism. Though the Islamic Renaissance Party, which is supported by Iran, was a faction in the opposition, it did not call for an Islamic state, and now even Iran's influence has faded. Nor is the fighting an ethnic conflict, as it is in Georgia and Azerbaijan. There are ethnic divisions here: Uzbeks make up 23 percent of the population. But the political strife arises mainly from clan and regional loyalties. For a while, Moscow remained neutral. But, worried about the increasing influence of the Muslims in the opposition, Russia sent as many as 20,000 troops to support a government headed by a hard-line Communist, Imrati Rakhmonov. Russia is now providing Tajikistan with at least half its budget, as well as key military units. But the Tajik leaders cannot seem to decide whether they want communism or capitalism, democracy or one-party rule. Some confusion stems from corruption, which, according to several diplomats and United Nations officials, reaches into the highest levels. For example, the government is reluctant to break up the state farms because they provide jobs for people willing to pay bribes. Former Communist countries in Eastern Europe have discovered that the place to begin privatization is in the service sector — hairdressers, laundries, television repair shops. But even that has not happened here, because the head of the government agency that oversees this sector does not want to lose his lucrative fief. What Tajikistan needs, several diplomats suggested, is international organizations to engage in small-scale development. But the country is not likely to get much help because of the human rights situation. Last winter, after gaining control of Dushanbe, the government and the forces that backed it went about eliminating the opposition. "It was a real bloodbath," a Western diplomat said. People were stopped on the street or pulled out of bread lines and required to show their identification papers. If they were Garmis or Pamiris, residents of the poor eastern regions who have been demanding a larger share of government resources, they were taken away. Many were shot. The abuses persist. "People continue to disappear," said Russia's deputy foreign minister for Central Asia, Georgi Kuduzov. Fear is pervasive. Almost no one will criticize the government, and those who do insist on anonymity. The newspapers that flourished immediately after independence have been closed, their editors and reporters now dead, jailed or exiled.

Neo-Nazis Acquitted of Desecration

Reuters POTSDAM, Germany — Two German neo-Nazis were acquitted Friday of desecrating a Holocaust memorial at a World War II concentration camp. After a three-month trial, a court in the eastern town of Potsdam ruled that the two defendants, who had admitted to the crime before retracting their confessions, were not guilty of arson and violating arms laws. Ingo Kahn, 20, and Thomas Haberland, 22, were accused of starting a fire in September that gutted a former barracks for Jewish prisoners at the Sachsenhausen camp. Judge Klaus Przybilla said the prosecution failed to prove that the men took part in the attack at the camp in Oranienburg, just north of Berlin. "The possibility that the two did take part in the act, however, cannot be excluded," he said. "The evidence showed that they are right-wing extremists."

ing they were "tricked" by the police into giving false statements. The state prosecutor, Uwe Picard, declined to comment. Prosecutors said the defendants threw a gasoline bomb on the roof and started a fire inside the wooden barracks, which housed an exhibit on the Holocaust killings of 6 million European Jews. The widely publicized arson attack gave rise to renewed criticism that Chancellor Helmut Kohl's government was not doing enough to combat attacks on foreigners and on Jewish memorials.

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B MAJORS By Jeanette K. Brill

Crossword puzzle grid with clues and solutions. Clues include: 1 Composer Schoenberg, 7 Chanters, 13 Kind of jet, 17 Far from factory-fresh, 21 Translucent playing marble, 22 Outcome, 23 Cap, 24 Country that's almost pure?, 25 19th-century Austrian composer of nine symphonies, 27 Composer of "Lulu", 29 Dishbeaters, 30 Hookers, 32 Painter's asset, 33 Early 12th-century date, 36 Uncertain, 37 Nonglossy finish, 38 Beverage, 42 Operatic melody, 44 Musker end, 45 Tinged, in the past, 46 Painting the town red, 47 Responsive detection devices, 49 Italian composer-cellist: 1743-1805, 52 Ewing's org., 53 Stockpiles, 54 Character actor Eric, 55 Current ref. on some appliances, 56 A bro. of Benjamin, 57 Islamic chieftain, 58 Former multinational gp., 59 "— a biped without feathers": Plato, 61 Time of alarm, 63 Sunder, 64 Ruth's second, 65 Erie Canal craft, 66 Juicer, 67 Wood-trimming tool, 68 Pulitzer Prize composer: 1858 and 1903, 71 Reversed, 72 Take to the soupbox, 74 Reed or Mills, 75 Forcefully, 76 Over, 77 "L'Arlesienne" composer, 81 "— Mir Bist Du Schoem", 84 Name of Henry VIII's 17th, 86 —Maritimes, French department, 88 Islands off Galway, 87 High-fiber food, 88 Fritz's everything, 89 Campaign ploy, 90 Cato's tongue, 92 Dank, 93 O, 94 "Pictures — amused", 95 City-state in ancient Greece, 96 Neb. river, 97 "Do — say, not...", 98 Composer of "Duke Bluebeard's Castle", 101 Lash with words, 102 County in N Eire, 105 Native of Niska, 106 Gp. that abducted Ms. Hearst, 107 Sea swallow, 108 Perk up, 109 Bivials, 110 Railroad switch, 112 Compass dir., 113 Giant giant, 114 Short-legged dog, 115 Card game for two, 116 "The Shakespeare of music", 120 Composer of "Les Troyens", 126 Beginning pot, 127 Hercules, 128 Company of actors, 129 Branching, 130 Use tea leaves, 131 Backward star, 132 Continuing TV fare, 133 Did wrong, DOWN, 1 Van Druten's "I — Camera", 2 Actor Silver, 3 "We are — amused", 4 Yoiko, 5 Girl in a 1944 song, 6 Clinton and Bush, one-on-one, 7 Tree surgeon, 8 Cyra — a moulting, 9 Eaten a price, 10 Heavy case?, 11 Refined grace, 12 Seventh-inning tradition, 13 Aspect, 14 Decide judiciously, 15 Eyeball, 16 Purely apiritual, 17 Optimistic, 18 Diocese, 19 Blunder, 20 Broke ground, 25 Artifice, 26 — bene, 31 Kitchen ending, 32 Lash darkener, 34 Lambasted, 35 Composer of "Norma", 37 Kind of film or wave, 38 Meres, 39 Composer of "Billy Budd", 40 Strained, 41 School-board standby, 42 Burned thoroughly, 43 Binge, 45 — the ramparts..., 46 Flame, 49 Missile-testing area, 51 Not so cordial, 54 Dandy, 55 Finish for hand or win, 59 Seine feeder, 60 Turkish carriage, 61 French legislature, 62 Muslim magistrate, 64 Lewiston campus, 65 Forward hairdo, 66 First stomach of a cow, 68 Hoards, 69 Drug used in treating parkinsonism, 70 Lavative insect, 73 Wander, 75 Muslim call to prayer, 76 Fran, 77 — Abdel- Nasser, 78 Actress Verdugo, 79 Hand-dyeing technique, 80 Popul's site, 82 Part of E.S.T., 83 Impound for the duration, 84 British North America, wdy, 87 Reason for pride, 89 Stone pillar, 90 Dreamy fruit of myth, 91 Plenty, 92 Lily's L.O.S.I., 94 Slaughterhouse, 95 First showing flower pots, 96 Fran, 98 Reno's predecessor, 100 Dismounts, 101 Book-jacket ad, 103 Hammed it up, 104 Philistine city, 106 Stock units, 109 Gallipoli dominces, 110 Free play, 111 Broad-brimmed sun hat, 114 Welshman or Irishman, 115 Ornamental case, 116 Sourd in the way, 117 Chemical ending, 118 Airport abbr., 119 U.S.L.A. div., 121 Either of two N.T. books, 122 K-O filler, 123 Charged atom, 124 Verb ending, 125 Last letter from London

Thinking About Education Directors Tuesday in the...

INTERNATIONAL Herald Tribune

The Right Direction?

The release of a captured helicopter pilot in Mogadishu leaves no Americans known to be in Somali hands. The pilot had been "well taken care of," said an American doctor. This welcome development satisfies what had been some American priority — retrieval of prisoner-hostages — in the light of casualties that had prompted insistent popular and congressional demands to get out of Somalia fast.

An Israel-China Puzzle

Israel is expanding its cooperation with China on military technology, according to the CIA. That is the latest sign of Israeli willingness to engage in dubious arms deals. In this case, Israel is supplying China with advanced technology that the United States and other Western powers will not supply.

Wired for Everything

In a dramatic surge of mergers, a new telecommunications industry is rapidly arising. It is a hybrid of three kinds of business that until recently seemed quite separate — telephones, cable television and entertainment. These mergers promise video that, like the phone system, can give you two-way communications and, like the phone, can connect you with an almost infinite number of possibilities, including the gigantic film libraries of the major studios.

Other Comment

More Than Tennis Is at Stake

The suspended two-year sentence Günter Parche received from a Hamburg judge for stabbing the tennis star Monica Seles amounted to five and a half months spent in jail awaiting trial. No wonder the tennis world is shocked. How right for prosecutors to appeal the fluffy-light sentence.

tourists from murder on Florida highways. But German courts have been enlightened and lenient about crimes of violence at a time when German violence against foreigners is alarmingly on the increase. The xenophobic arson of houses of Turks, the skinhead beatings of Asians, the harassment of disabled persons, the desecration of Jewish graves is all too suggestive of the worst features of the German past.

The Disengagement of an Unwilling Power

By Stephen S. Rosenfeld

WASHINGTON — It is a shock to recall that Richard Nixon was re-elected president even though 20,000 Americans had died in Vietnam during his first term. For it took only 15 American dead to convince President Bill Clinton that he had to beat it out the door in Somalia.

another, the United States is sending down. The notion of a Pax Americana, for good or ill, fades. We have tried, and will be trying, a number of substitutes for American engagement: Military high tech. It worked in Iraq, where a threat to world oil created a direct national interest to protect. But high tech has only limited uses in gritty, ground-level encounters with people who do not present suitable targets.

the American people quickly discerned that casualties were casualties whether they occurred under the UN flag or the American flag. This is how the United States comes to be heading toward the exit in Somalia, standing offshore in Haiti and postponing a commitment on peacekeeping in Bosnia. Unaccountably, America blames the United Nations. Mr. Clinton suggests that the United States had nothing to do with the UN's get-Aidid policy — a policy currently being abandoned — but in fact the United States approved and conducted that policy from the start.

A 'Smoking Gun' in Hungary Points to Alger Hiss

By Sam Tanenhaus

TARRYTOWN, N.Y. — The Alger Hiss case, born in the first years of the Cold War, has outlived its time and now occupies the lofty zone where history merges into myth. Just last year a Russian general, Dmitri Volkogonov, said he had examined a mountain of KGB files and declared Hiss innocent of spying charges first raised by his accuser, Whitaker Chambers, in 1948.

himself embroiled in the Stalinist purges convulsing Eastern Europe. Mr. Field, released from a Budapest jail in 1954, applied for Hungarian citizenship and lived in that country until he died, age 60, in 1970. Before leaving prison, Mr. Field sat for interviews in which he furnished authorities with a detailed résumé of his career as a Soviet agent. In the interrogations, and in written testimony, Mr. Field states categorically that one of his most trusted accomplices in the Soviet underground was his close friend Alger Hiss.

Unlike Mr. Hiss, Mr. Field was nervous and high-strung. He knew he would crumble under the questioning of Richard Nixon and his colleagues. "Alger defended himself... with great intelligence. He had been trained as a lawyer and knew all the phrases and tricks. I, on the other hand, had no such experience... I did not trust myself to stand before my accusers and shout 'innocent' in their faces... I also understood the same from a short letter from Hiss, who obviously could not write openly."

rate a key point of testimony in Mr. Hiss's trial made by a witness for the prosecution, Hede Massing, a former Soviet agent. She identified herself as being with her husband, Paul, Mr. Field's superior in the Washington spy ring. Under oath Mrs. Massing said that she and Mr. Hiss had once dined after she learned from her contact, Mr. Field, that Mr. Hiss had tried to recruit him into his "apparatus."

Trade: The Villains Are All Around

By Roy Denman

BRUSSELS — The Uruguay Round of world trade negotiations is now the Last Chance Saloon. It is Dec. 15 or bust. The Anglo-Saxon press casts France as the villain of the piece. Anglo-Saxons like doing this, just as the French like to mutter about Anglo-Saxon perfidy. But the truth is more complicated.

Policy, the Uruguay Round could have been concluded quickly. But this chance was missed. Affairs drifted; the atmosphere got worse. There were American elections last November, and a French election in March. The governing party lost after a campaign in which agriculture was a vital interest.

will the detailed negotiation between more than 100 countries, with all the massive documentation involved, be concluded in the short time remaining? If an agreement is initiated in Geneva on Dec. 15, Champagne corks will be popping worldwide. This would be premature. Not only does the EC Council of Ministers have to approve what the Commission has accepted, the U.S. Congress also has to agree. The odds are not good.

Asians Should Twist Europe's Arm

By Philip Bowring

HONG KONG — Next month's informal summit meeting in Seattle of leaders of the Asia Pacific Economic Cooperation group threatens to be mainly a photo opportunity interspersed with fence-mending between the United States and some Asian countries, notably China. This would be a waste. APEC has a rare opportunity to avoid politics and do what it was designed for: stand up for freer trade against the blocking Europe attitudes that are blocking a Uruguay Round accord.

APEC is essentially too unwieldy for complex trade initiatives. Two members — Taiwan and China — are not even in GATT. Until recently the United States treated APEC as a minor talking shop. And the six ASEAN members were more concerned with trying to organize their own free-trade area. APEC members have little in common except geography and suspicion of the EC. But APEC could be an effective instrument if the Seattle meeting were to establish three plain objectives: Agreement to impose trade sanctions against the EC if it continues to block a Uruguay Round accord in defense of its bloated farm sector. Some clear sanction, such as APEC-wide discrimination against European aircraft sales, might bring the Europeans to their senses.

An accelerated technical agenda for APEC. A year ago in Singapore, members agreed to seek to harmonize procedures and remove some bureaucratic barriers to trade. Such a framework of rules could be applied among members if no GATT global alternative were viable. If the EC ultimately decided to go its own way, most of the rest of the world could carry on, with APEC forming the core of world trade. Parties outside EC or APEC, notably the liberalizing (and farm exporting) economies of Latin America and South Asia, would naturally coalesce around APEC, not the EC.

Yet Again, Arms for Despots

By A. M. Roenthal

NEW YORK — Israel sells weapons and the technology of warfare to China. The United States prepares the way for the Chinese military to get the American supercomputers for which it has lusted so long. So, fellow suckers, citizens of the free world, here we go again. Democratic governments are helping increase the military power of despots.

The CIA has sent a report to the Senate Committee on Governmental Affairs, which is investigating the proliferation of high-tech, high-kill weapons around the world. The CIA says the Israeli-Chinese military link has involved planes, tanks and missiles and is moving into "cooperation" in electronics and space. This has been going on under Likud, "unity" and Labor governments. Is Israel selling American weapons technology? In March 1992, I wrote columns refuting reports that Israel was about to sell American missile technology to China. The technology involved was Israeli.

How reliable are such findings? After all, in his five years behind bars Mr. Field was brutalized and kept in solitary confinement. But there is no reason to believe that his statements in 1954 were made under duress. For at that time he was being "rehabilitated" and soon was treated as a distinguished person, given a wife, a soft job and a salary greater than that of the prime minister of Hungary. It is possible that these interrogators conspired with Mr. Field to fabricate allegations against Mr. Hiss. But why? Hungarian Communists had nothing to gain from such testimony, least of all at a time when the party's propaganda machine was trumpeting Mr. Hiss's innocence.

1918: Desperate Defense WITH THE ALLIED ARMIES — The Germans continue to resist hotly on the two wings of the French battlefield, making, as usual, a liberal use of machine-guns and gas projects. General Gouraud's army repulsed its attacks north-west of Argonne this morning [Oct. 15], crossing the Aisne and taking Olzy and Termes, west of Grandpré. The loss of one line of communications after another, until they have only two railroads by Hirson and Mézières to supply five armies, obliges the Germans to make a desperate defense of their left wing and redouble their efforts to retard the advance of the Allies elsewhere.

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سكرا من الامرين

Uproar in Athens On Appointments

ATHENS—Prime Minister Andreas Papandreu has provoked a new political controversy and criticism from his own supporters by granting his wife and other family members top political posts in his administration.

Mr. Papandreu, who won back the job as prime minister in the Socialist election victory last Sunday, has further fueled the dispute by announcing he planned to stop major privatizations, rationalize the public transportation system, and overturn a property settlement that had been reached between the previous government and Constantine, the deposed Greek monarch.

But the biggest outcry, from pro-Socialist newspapers as well as the opposition, was over a list of appointments in which Dimitra Liani-Papandreu, the prime minister's 37-year-old wife, was named as director of his private political office.

The press described the post as equivalent to that of the prime minister's top political adviser. In addition, Mr. Papandreu appointed his son George as deputy minister of foreign affairs and his wife's cousin, George Lianis, as deputy minister of culture. His personal doctor, Dimitris Kremastinos, was appointed minister of health.

In the election campaign that returned Mr. Papandreu to office, the Socialists had criticized Constantine Mitsotakis, then prime minister, for reportedly wielding influence through his wife and daughter. Mr. Mitsotakis's daughter Dora was an elected member of Parliament who became minister of culture, but his wife had no political post or state salary.

In his first victory statement on nationwide television, the 74-year-old prime minister thanked his wife, stating that her contribution to his "personal life and political struggle was priceless."

Mrs. Liani-Papandreu also stated that the election victory meant "the end of a long and difficult struggle" for the couple. A scandal over the couple's extramarital affair at the time was one of the contributing factors to Mr. Papandreu's downfall as prime minister in the late 1980s.

Mr. Papandreu has announced the abolition of an agreement whereby Constantine retained some property in return for the payment of taxes. He has stated that the former king, deposed in a 1974 referendum, should also be deprived of Greek nationality.

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Greece Breaks Off Talks On Macedonia Question

ATHENS—Prime Minister Andreas Papandreu announced Friday that Greece would pull out of UN-brokered negotiations with the former Yugoslav republic of Macedonia on the ethnically explosive issue of its name, the same as that of the neighboring northern Greek province.

But Theodoros Pangalos, deputy foreign minister, said that the issue, which has caused friction between Greece and its partners in the 12-nation European Community, was unlikely to "become a major problem" within the EC. Greece is due to take over the rotating EC presidency on Jan. 1.

"Greece will undertake no discussion on the name, this issue is finished," Mr. Papandreu said after a meeting with the U.S. chargé d'affaires in Greece, James Williams, and before going into a meeting with ambassadors from the other EC countries.

He said he had the impression that the United States, for the moment, would not recognize Macedonia under that name, and he deplored that China had done so on Tuesday.

The quarrel between Greece and the EC over Macedonia erupted in September 1991, when Macedonia, the poorest of former Yugoslavia's six republics and with an ethnically mixed population of 2.3 million, proclaimed its independence under the name it had used for the previous half-century.

Greece immediately protested and accused it of having expansionist aims.

KIDNAPPED: Petaluma Shock

Continued from Page 1

when she walked into the hallway, how he forced them to lie down and covered their heads with pillowcases and how he tied their wrists behind their backs. From their accounts, the police said, it appears that the man entered the neat wooden frame home through an unlocked window or door.

The girls told the police that they did not believe that the man was serious at first because he was not particularly threatening and spoke in a low voice. Then he threatened to slit their throats if they made a sound.

He asked which girl lived there. When Polly identified herself, he asked where money and jewelry were. She pointed it out, the girls said, but instead of taking the valuables, he took Polly.

One of the last sounds they heard, they told the police, was Polly whimpering and sobbing.

"We're confident that this is a stranger abduction," an FBI spokesman, Rick Smith, said. "It's unusual. We've seen abduction before, but there's not too many where somebody just walks into the home and takes somebody."

The crime has captivated news broadcasts up and down the coast and across the country. The television show "America's Most Wanted" came to Petaluma, a town of 46,000 perhaps best known as the cinema backdrop for the nostalgic trip of "American Graffiti" and a place that President Ronald Reagan once enthused was an "all-American city."

The film star Winona Ryder, a Petaluma girl, has offered \$200,000 for Polly's safe return.

More than 800 people from Sonoma County and beyond have been working daily to push the search farther. Bill Rhodes, a local printer, heard the story on a radio program the day after Polly was taken. He put down his morning coffee and drove into the office. Using police information, he started printing as many posters as his high-speed printers could churn out.

Each day, to keep the seemingly tireless corps of helpers at their phones or computers, people have brought what they can to the Polly Search Center in the Rhodes print shop — casseroles, pizzas, jelly beans and vats of hot coffee. People are frenzied, working hard to ward off fear.

What happened to Polly Klaas, they say, could have happened to anyone else here.

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Frustrated on Bosnia Accord, Mediators Widen Their Focus

By Roger Cohen
New York Times Service

PARIS—In recent letters to Western governments including France, the international peace mediators in the former Yugoslavia have outlined a new approach, setting aside the quest for peace in Bosnia-Herzegovina alone to pursue the search for an accord tackling all conflicts in the region.

A French Foreign Ministry official said Friday that the mediators, Lord Owen of Britain and Thorvald Stoltenberg of Norway, had opted for the new approach because it had become clear that "the quest for a peace in Bosnia has failed."

Diplomats in Belgrade and Paris said that the Serbian leader, Slobodan Milosevic, and the Croatian president, Franjo Tudjman, had also received copies of the letter, whose proposals are sketchy but whose essence is that only a global settlement in the Balkans will make peace stick.

Mr. Tudjman rejected the idea Friday, Agency France-Press reported from Zagreb. Speaking at the opening of a congress of his governing Croatian Democratic Union, he said that a meeting to negotiate all outstanding issues in the former Yugoslavia would constitute a "trap" that Croatia "must not fall into."

A Western diplomat in Belgrade said: "Globalization is the new buzzword, because it seems clear that peace efforts in Bosnia are at a dead end. And there are some signs that this approach may be more attractive to Mr. Milosevic."

Although the sources said Lord Owen and Mr. Stoltenberg had not drafted a specific plan, the thrust of the new approach is to put all outstanding issues on the table and see if trade-offs can be found that produce a settlement.

These issues include the status of the Serbian-occupied area of Croatia known as Krajina, the future of the overwhelmingly

Albanian-populated Serbian region of Kosovo, minority rights throughout the former Yugoslavia and the quest for peace in Bosnia.

The French official said that the two mediators, who represent the European Community and the United Nations, had embarked on the initiative after Bosnia's Muslim-dominated parliament rejected their repeatedly adjusted partition plan for the former Yugoslav republic on Sept. 29.

Although it is not obvious how a global peace might be attained when the more limited goal of peace in Bosnia has proved elusive, diplomats see some possible advantages in having a wider range of options on the table.

For example, Mr. Tudjman might find it easier to sell an agreement on autonomy for Serbs in Krajina, an area covering about one-third of Croatia, if Mr. Milosevic was at the same time committing himself to allowing Albanian autonomy in Kosovo.

Moreover, it has become clear over the last month that Mr. Milosevic's top priority is to secure a lifting of sanctions on Serbia, whose economy had been reduced to ruins by a 15-month-old international embargo.

He has suddenly issued conciliatory statements about the Bosnian Muslims, including one this week saying that Serbia must adopt a "generous approach" toward them.

And he has clashed publicly with his former ally, Vojislav Seselj, the hawkish leader of the Serbian Radical Party.

In this light, the diplomats see some possibility that an offer of an immediate easing of sanctions in return for Serbian acceptance of some form of autonomy for Serbs in Croatia and Bosnia could be attractive to Mr. Milosevic.

"All Serbian power structures are potential rivals to Mr. Milosevic," said a Western diplomat in Belgrade. "So he might be

tempted now by a plan that offered autonomy to Serbs in Croatia and Bosnia, with channels to Serbia, but denied their quest to form independent states."

However, there are enormous difficulties in the path of such an approach. The status of Serbs in Krajina is a highly emotive issue in Belgrade, and Mr. Milosevic would find it very hard to push through any agreement that accepts that these people are citizens — albeit autonomous ones — of Croatia.

Kosovo, which Serbs regard as the cradle of their civilization, and the status of Serbs in Bosnia are also issues on which Mr. Milosevic may find that even he has little room for maneuver. On Thursday, the spokesman for Mr. Milosevic's Socialist Party of Serbia, Ivica Dacic, issued a statement saying pointedly that Kosovo, the Sandzak and Vojvodina — respectively areas of Serbia in which Albanians, Muslims and Hungarians live — were internal Serbian issues.

NOBEL: The Peace Laureates

Continued from Page 1

business investments and culture will remain more or less intact.

After three and a half centuries of white oppression, most of the fuss in the democracy negotiations has been about the comfort level of the oppressors, not the oppressed.

But the quid pro quo has been this: Mr. de Klerk's government has essentially agreed to negotiate its own surrender, without ever having been defeated on the battlefield.

Further, it has agreed — for the price of a piece of the political action for at least the next five years — to do all it can to smother any backlash that may emerge from white reactionary forces in the military, civilian militia, civil service, business community and society at large.

On Feb. 2, 1990, Mr. de Klerk committed himself and his government to dismantle apartheid, and nine days later Mr. Mandela walked free, after having served 27 years in prison for organizing a bombing and sabotage campaign.

historical determinism," said one political scientist, Robert Schrire. "Had another white leader come to power instead of de Klerk," he added, "one could easily see the apartheid regime holding out another 5, 10 years. And with a different black leader, someone without Mandela's self-confidence and stature, you could see ANC feeling pressed to make demands that no negotiating partner could possibly meet."

"The great credit to them is that they have been able to bring their constituencies along through a very difficult process. This is a country where large portions of each leader's support base thinks the other leader is evil incarnate."

The crux of the deal that Mr. de Klerk's National Party and Mr. Mandela's ANC have been negotiating for more than three years has been to move toward black majority rule gradually enough to assure the 15 percent white minority that their property, living standards,



Nelson Mandela in Johannesburg on Friday, surrounded by well-wishers during a toast to him and his Nobel peace laurels.

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An Idiosyncratic Architect

The Designs of Slovenia's Joze Plecnik

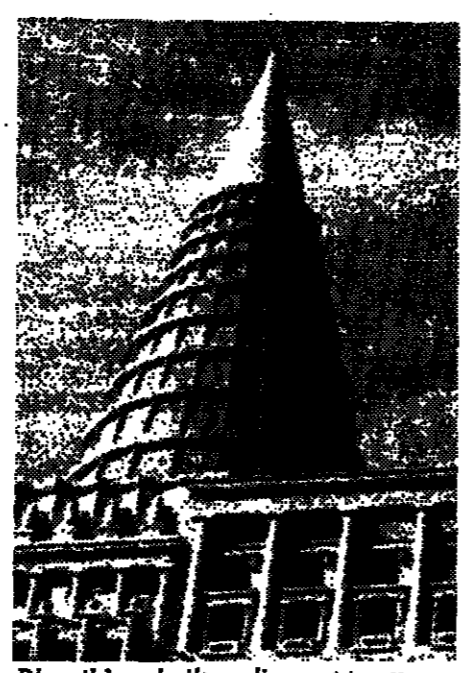
By Michael Z. Wise

LJUBLJANA, Slovenia — Soon after Slovenia fought a 10-day war for its independence from Yugoslavia in 1991, the image of a bizarre cone-shaped building appeared on the new country's first postage stamp and printed currency. This monumental structure, a Slovene parliament, was designed nearly half a century ago by the architect Joze Plecnik but never realized.

That the unbuilt capitol became a rallying point for Slovene nationalism represents a rare convergence of culture and politics; a posthumous triumph for Plecnik, who sought to use architectural beauty and grandeur to instill in his countrymen a sense of their own dignity.

The symbolic importance accorded this eccentric architect follows Plecnik's remarkable rediscovery in Western Europe and the United States. A student of the Viennese fin-de-siècle master Otto Wagner, Plecnik forged his own idiosyncratic idiom based on a deep knowledge of the classical past. His ingenious reworking of historical elements found esteem among postmodernists like Michael Graves, Robert Venturi and James Stirling in the mid-1980s.

Before then, Plecnik was little known beyond the Central European cities where his designs were built between 1900 and his death in 1957. Recognition abroad has ignited new interest among Slovenes. "Until 10 years ago, Plecnik was not very popular," said Danjan Prolesek, a Ljubljana historian who has written extensively about him. "Now people are starting to identify with this architecture."



Plecnik's unbuilt parliament tower.

Decorating the entry to Slovenia's new consulate in New York are two Plecnik-designed lamp-posts from one of his recently restored bridges in the heart of Ljubljana. The architect's model of the parliament, described by Plecnik as a "Cathedral of Freedom," has become the centerpiece of the new Architectural Museum of Slovenia in Ljubljana. "The rediscovery of his plans for a Slovene parliament became a symbol for a common Slovene home," said Culture Minister Saigi Pelhan. Several of his works are freshly restored, including the Three Bridges over the river, and Zale, a singular complex of 14 funeral chapels. Mayor Jozse Stigar says that next year an additional covered bridge will be built according to Plecnik's plans.

In 1947, Plecnik designed the parliament to house the National Assembly of Slovenia, then part of Communist Yugoslavia. His plan called for an elongated cone-shaped roof supported by 12 inward leaning columns. It would tower 394 feet (120 meters) above the ground, with a diameter of 164 feet. Its spiral exterior recalls Bruegel's "Tower of Babel" or Vladimir Tatlin's "Monument to the Third International."

The parliament design found admirers, but according to Lev Krefl, the National Assembly's vice president, such a grandiose structure would have alarmed the federalist leader Maršal Tito, so the

Slovenes shrank from carrying through with it. "They knew they could not afford to build something like that," said Krefl.

A more humble parliament building was built in 1956, adorned with bronze sculptures of workers and Socialist Realist murals. Plecnik's plan was forgotten and put in a drawer. He died lamenting that he had been supplanted by a generation of modernists who admired the "international style."

"They wanted to hide his example," Peter Krecic, the director of the architectural museum, said of the Communist authorities. "But young people were curious about his work. Because he was rejected he became even more of a legend." When Slovene independence was finally achieved, an unofficial congress of émigré Slovenes met in June 1991 and urged that now was the moment for the parliament building to be erected.

"The idea still lives," said Krecic. Nonetheless, Slovene officials give little sign that it will become reality amid budgetary constraints. Pelhan said the existing parliament suited present needs. "Our primary concern is that Plecnik's buildings be preserved as part of our heritage," he said.

Krecic suggested that it may not really matter if the cone-topped parliament ever rises over Ljubljana. "We should not turn it into a Tower of Babel with all its ambitions and pain. We need to view it with a bit of humor as something we could do. Perhaps it may be more fruitful if the idea remains alive on paper and in our minds."

Michael Z. Wise is New York-based free-lancer who writes frequently about architecture.

The Women Stars of Impressionism

International Herald Tribune

PARIS — Tucked away in a delightful museum in the 16th arrondissement is the most surprising and probably the most important picture exhibition put together in many years. "Les Femmes Impressionistes: Mary Cassatt, Eva Gonzalès, Berthe Morisot," at the Marmottan until Dec. 31, projects a very different image of Impressionism from the one familiar to most of us.

What is striking at first glance is the overwhelming human presence.

SOUREN MELIKIAN

There are few landscapes and only one, a marine, without any figure in the distance. Even Mary Cassatt, the rich American patrician who introduced Impressionism to her countrymen — and had a great eye if not a sublime talent — is briefly shown in a new garb with two engravings combining drypoint and aquatint in a bold style, much influenced by the Nabi movement in the mid-1890s.

Berthe Morisot, who married the brother of Edouard Manet and in later years became a mere fellow traveler of the movement, is represented by a handful of works as stunningly beautiful as they are original. "Le Berceau," done in 1872, is extraordinary for its unusual composition but also for its mood. There is a Vermeer-like quality to the mute rapture on the face of a woman gazing at a baby asleep in a white crib, seen through the curving flow of white muslin that shields it from insects.

Another version of a privileged moment is found in "Femme et Enfant au balcon," painted in the same year. A woman in a long black dress leans over a railing and a little girl peers through the bars at the Parisian landscape in the distance. The sense of companionship between adult and child in the wide-open space is remarkable. So is the very sophisticated composition that harks right back to the 17th-century Dutch tradition. The same is true of a little girl done three years later, "Le Petit Moulin à Gennevilliers," where even the stormy light coming through in a long yellow line near the horizon is a reminder of Dutch landscape painting.



Berthe Morisot's "Le Petit Moulin à Gennevilliers," in the "Femmes Impressionistes" exhibition.

It is as if the past had lingered more persistently in the Impressionist endeavor of this woman painter, in its early and most inventive stage.

But this is nothing compared with Eva Gonzalès, who comes out of this show as a hitherto unrecognized genius, unlikely as it may seem after four decades of intensive research on Impressionism in a market starved for new supplies of art.

Her life story has yet to be told. Hers was a withdrawn nature that concealed burning emotions, both coming out in almost every one of the portraits that dominate her oeuvre. She was born in 1849. Her father, Emmanuel Gonzalès, was a successful novelist and became president of the writers association in 1864. When Eva, still in her teens, declared that she wanted to be a painter, a calling seen in the establishment as highly undesirable for well-behaved young women, her parents recoiled to her wish. She was allowed to attend the classes of Charles Chaplin, the portrait painter of the bourgeoisie who taught his artistically inclined young ladies.

Marie-Caroline Sainsaulieu, who organized the Marmottan show with Marianne Delafond, says that Gonzalès stuck it out for 16 months. She was out by May 1867 but had learned a great deal. By the time she met Manet in 1869, she was an accomplished crafts-woman. "Le Thé," which shows her sister, Jeanne, in a black dress seated in a Louis XV bergère as she dreamily tilts a tea cup, is technically impeccable. It already reveals a mastery of sense of composition and color balance — the gleaming ivory back of the bergère matches the creamy sheen of the marble mantelpiece, the deep red of a garment thrown on the arm of the seat is in harmony with the deeper red of the rug. The sitter's head is turned away, eyes cast down, in a posture that was to recur again and again in the portraits of Gonzalès.

HER next picture, "L'Enfant au balcon," painted in the same year, is a tribute in admiration of Manet's "Le Petit Moulin à Gennevilliers," shows what the master taught her — the elimination of unnecessary ornament, of which none remains in the background.

She learned quickly. If "La Servante," a preliminary study of a woman standing in a garden, her hands resting on a lattice-work gate, was really done around 1869-1870, the young painter's assimilation of the Manet brushwork technique is remarkable. So is the subtlety and thorough independence of her aesthetic perception. The woman's face, wistful, veiled by a mask of demure dignity, is charged with a

repressed emotion that is utterly alien to Manet's assertive art.

An early landscape, "Les Oserettes," done about 1871-1872, betrays the same somber, introspective mood. A woman in a subdued yellow suit is seated by a pond. The dark reflections in the water behind her match the colors of her dress as do the hues of a farmhouse at the end of the pond. A low sky with off-white clouds and slivers of gray enhances the threatening, almost oppressive atmosphere.

Five years later she was to create a small masterpiece of a landscape in a lighter palette but in precisely the same somber mood, "Bateau à marée basse." The black hull of a sailing boat is tilted back on its keel amid sandy patches. Watery slivers send back reflections of a grayish sky. A tiny figure seen from the back stands in front of the boat, like a symbol of solitude.

But landscape painting was a parenthesis in the oeuvre of Gonzalès. Humans, mostly women, fill her paintings, forever looking away, their eyes cast down. "Enfants à une fenêtre" shows a young woman seen from behind, seated in a chair. She is gazing at a red blossom. Light falls on the side of her face and touches her shoulder. There is a suggestion of time suspended that is unique to Gonzalès in the whole range of Impressionism.

Indeed, she more than any other Impressionist, Degas included, draws on a tradition that goes very far back in time. Those characters, absorbed in themselves, faintly smiling at their own thoughts as

they look intensely at some object often left outside the picture, owe more to Chardin than to Manet. It is highly revealing that Gonzalès should (like Degas) have chosen to become one of the greatest masters ever in the art of pastel painting brought to perfection by Chardin.

The ultimate masterpiece in this line, "La Plante Favorite," was done around 1871-1872. A young woman, her body slightly thrown back and bending to one side, looks with an air of rapturous concentration as she waters a plant. The coloristic harmony is extraordinary — pale white with specks of purple for the dress, subdued grayish blue green veering to purple in the background, reddish brown for some leaves of the plant, emerald green for another plant in the corner. No Impressionist used color in this way.

A decade later, with the astounding versatility and inventiveness that characterizes her, Gonzalès painted a portrait that anticipates the Nabi sense of color. In "La lecture au jardin," a woman is seated sideways in a garden reduced to abstraction. Two shades of gray are juxtaposed in her dress, two shades of green — bright apple green and dark green — in the background. Her intensely red hat is balanced by the red of her umbrella stuck in front of her, as in a musical counterpoint. The eyes are almost concealed by the hat.

A year later, in 1883, the painter died, aged 34, only six days after Manet, whom she had admired so much. The "Master of the Averred Faces," as she would have been called had she been an anonymous artist from a more distant age, was the feminine Mozart of 19th-century painting. There is no knowing what twist she might have given to modern art had she lived to pursue the revolutionary line opened up by the woman in the red hat.

A Lively Art Fair in Singapore

By Michael Richardson

SINGAPORE — Southeast Asia has emerged as a significant new market for works of Western as well as Oriental art, according to dealers and organizers of a recent international art, antiques and jewelry exhibition in Singapore.

The fair, by far the largest to be held in the region, attracted more than 100 dealers and galleries from Europe, the United States and Asia. They displayed paintings, prints, antiques, jewelry, furniture, carpets, tapestries and silverware priced at about \$300 million. Dealers said that sales, mainly to Southeast Asian and Taiwanese buyers, were especially strong in Impressionist and Postimpressionist paintings, Chinese antiques and jewelry.

"This market is young, sophisticated, highly conservative and brand-name oriented," said William R. Burris, managing director of Bradbury (International) Ltd., the British-based company that organized the exhibition. Treasures: International Fine Art & Antiques Fair for Asia, in Singapore.

He said that more than 900 items had been sold with an estimated value of almost \$40 million. By contrast, the Art Asia exhibition in Hong Kong last November, attended by some 80 galleries from around the world, is estimated to have produced sales worth \$25 million.

Major sales in Singapore reportedly included several Picassos, two Pissarros, a Renoir and a Sisley to private collectors, and large sculptures by Botero and Moore to corporate buyers in Singapore.

There was little interest shown in modern and contemporary Western paintings. A number of visitors to the fair complained that some of those works were overpriced. But dealers said they expected significant sales in the future in European antiques and Old Masters as appreciation for Western culture develops.

Jean-Max Tassel, a Paris-based art adviser specializing in Old Master paintings, said he believed a market could be developed in Southeast Asia for Western art but that it would take time.

"Many of the students who came to see the paintings I brought to Singapore are very interested in Western art," he said. "When they are older, they will have the knowledge, inclination and money to buy serious works."

Ralph Dorsch, managing director of Collection DOBE in Zurich, said that Western dealers who hoped to penetrate the Asian market would have to establish a presence in the region or make frequent visits to cultivate potential clients and gain their confidence.

Economic growth in East Asia means a boom in private wealth and higher disposable income. And

Singapore and a number of countries in the region are about to establish significant public collections for state museums and galleries.

Opening the Singapore fair, George Yeo, Singapore's minister for information and the arts, said that the cities of East Asia "are now beginning to do what wealthy European and American cities have done over the last few hundred years — build up cultural assets and amass treasures."

These cities, he added, would "vie with each other to build concert halls, opera theaters, museums and other art facilities."

The Singapore government has already allocated more than \$600 million to build new cultural facilities and expand existing ones over the next decade. It has said that art donated to the National Museum will qualify for tax exemption at up to twice the assessed value.

In an effort to make Singapore an attractive international center to buy and sell art, Yeo said, tax incentives will be offered to well-established auction houses to operate there.

Singapore is clearly intent on competing with Hong Kong and Taiwan, East Asia's two established centers for international art auctions. Christie's has announced that it will hold an auction in Singapore in March of Straits Chinese works of art and Southeast Asian paintings.

Burris said that more than 60 percent of the participants in the Treasures fair had already signed up for the second one, to be held in November 1994 at the same place, the World Trade Center. Although not an ideal location, there is no other suitable place until a new international convention center opens in Singapore's business district, adjacent to about half a dozen of the city's leading hotels. Burris said the fair would move to the convention center in 1995.

FOR SALE / SOLD

Belle of the ball: A gown worn by Vivien Leigh in "Gone With the Wind" went for \$33,350, and Errol Flynn's costume from "Captain Blood" brought \$31,050 at an auction of movie costumes in Los Angeles. Leigh's gown had been expected to fetch between \$17,500 and \$22,500. An even bigger surprise was the "Captain Blood" costume, which the Butterfield & Butterfield auction house had estimated would bring \$5,000 to \$7,000. The big disappointment of the evening was Charlie Chaplin's military jacket from "The Great Dictator," which went for only \$10,925 after being expected to fetch \$15,000 to \$20,000.

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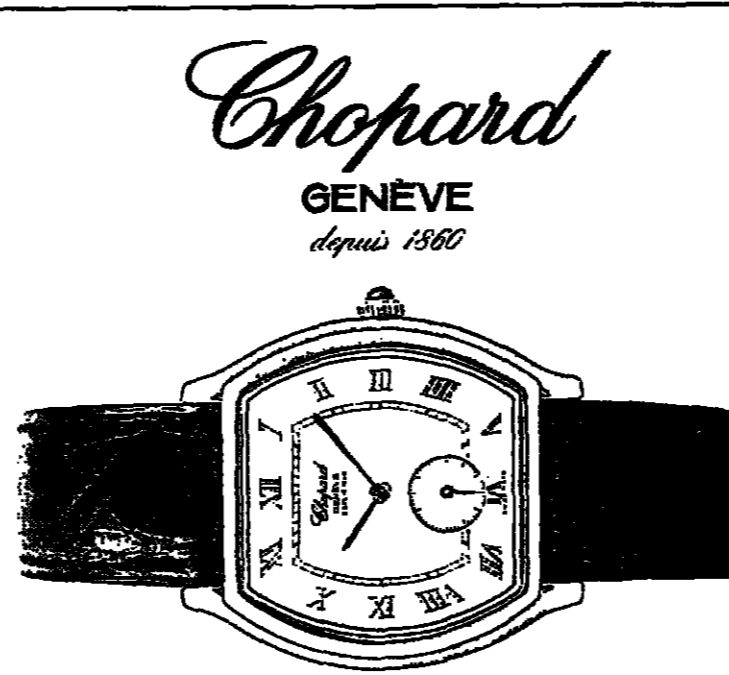
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MSFT	45.00	+0.25
ORCL	48.00	+0.50
INTL	10.00	+0.10
DISC	25.00	+0.20
WALD	15.00	+0.15
AMZN	18.00	+0.30
GOOG	22.00	+0.40

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IBM	115.25	+0.75
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GOOG	22.00	+0.40



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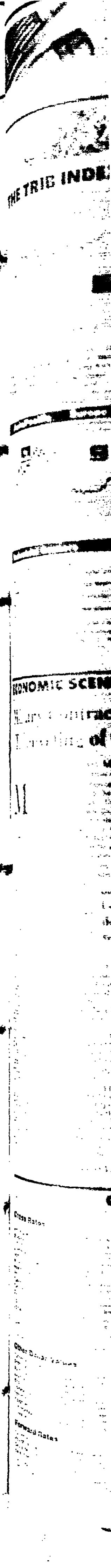
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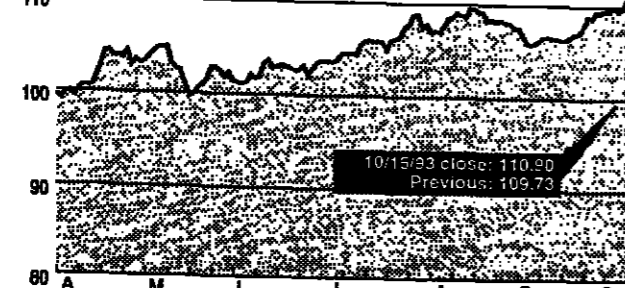
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LEICA No. 1. A MASTERPIECE OF ART. Leica

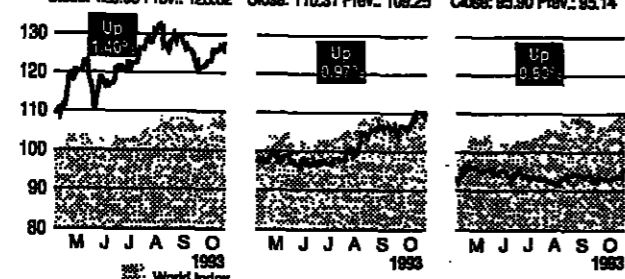
THE TRIB INDEX: 110.90

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific: Approx. weighting: 25%, Close: 128.06, Prev.: 128.32, Change: -0.26
Europe: Approx. weighting: 47%, Close: 110.51, Prev.: 108.25, Change: +2.26
N. America: Approx. weighting: 28%, Close: 85.90, Prev.: 85.14, Change: +0.76



Industrial Sectors

Sector	Oct. 15	Prev. Close	% Change
Energy	106.72	109.08	+0.50
Utilities	117.69	116.25	+1.15
Finance	120.53	119.55	+0.82
Services	122.11	120.06	+1.71
Capital Goods	105.80	104.27	+1.47
Raw Materials	104.85	104.44	+0.20
Consumer Goods	98.10	92.18	+1.00
Miscellaneous	117.80	114.94	+2.49

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

© International Herald Tribune

Bell Deal May Face Regulatory Hurdle

WASHINGTON — Bell Atlantic Corp.'s proposed \$21 billion takeover of Tele-Communications Inc. ran into a potential hurdle Friday when the Justice Department said it was opposing a federal court ruling on a key regulatory issue.

Earlier this summer, a federal court in Virginia overturned a government prohibition against telephone companies providing television programming over their phone lines. Bell Atlantic brought that lawsuit.

In response to the Justice Department's announcement Friday, Bell Atlantic said it was confident it would win the appeal.

A Bell Atlantic spokesman, Dave Sewall, said in Philadelphia that the Justice Department's decision would have no impact on the company's proposed merger with Tele-Communications.

Mr. Sewall said the government's decision to appeal came as no surprise and that Bell Atlantic felt sure the issue would be resolved quickly.

Based in Philadelphia, Bell Atlantic 18.4 million phone lines in six eastern U.S. states and the District of Columbia. Tele-Communications, based in Denver, serves over 10 million cable TV homes.

Bell Atlantic has been making significant inroads into the cable industry by challenging local cable monopolies and trying to develop technology that would enable it to transmit video over traditional copper-wire telephone lines.

The proposed takeover would make Bell Atlantic the No. 6 company on the Fortune 500 list of U.S. companies, in terms of sales.

An Italian Success Story Revamped Harleys Kick-Started Cagiva

By Laura Colby

VARESE, Italy — It was 1978 — a time, not unlike the present, marked by political uncertainty and deep economic crisis — and American companies were fleeing Italy at a rapid clip.

Among those to go was Harley Davidson, the motorcycle maker that sold off its ailing Italian activities to Claudio and Gianfranco Castiglioni, brothers who ran a metal pipe business in this lakeside town.

The brothers renamed the company after their father and the town, Castiglioni Giovanni Varese, or Cagiva, made a few design changes to the Harley bikes and began an all-out program to improve their reliability. The company's newly revamped, ultrafast motorcycles entered and won many international races, adding market muscle.

The newly invigorated company added Ducati of Bologna, Moto Morini and Husqvarna of Sweden to its Cagiva cycle brand, and today is one of Italy's success stories. The company has annual sales of 1.3 billion lire (\$820 million), and exports more than 70 percent of its motorcycle production, including about 7 percent to Japan.

Cagiva's tale is a typical one for Italy, rather than the exception, business executives and economists say. Although the country is in deep recession, small and medium-sized companies such as Cagiva have shown a great deal of resilience, boosting their exports and helping to swing the country's trade balance to a surplus.

Small companies with fewer than 100 employees produce 87 percent of the Italy's gross national product, according to figures cited by the Milan Chamber of Commerce. About 65 percent of small and medium-sized companies are dependent on exports, according to Nadio Delal, director of Censis, a private research institute based in Rome.

Cagiva's structure — a network of small companies making four brands of motorbike, a minicar and metal parts — lends itself to flexibility.

"The company is made up of small factories, with brands like Ducati and Morini," said an analyst at a Milan investment bank. "That enables them to react quickly to changing market needs." And, as the state-owned dinosaurs and family-owned giants that have dominated the Italian economy in the postwar years groan under the weight of recession, international competition — and in some cases accusations of corruption as part of Italy's wide-ranging political-financial scandal — many see the small companies as the model for the country's economic future.

"It is like the French Revolution: We have to help develop a bourgeoisie to replace the aristocracy that has ruled Italy for so long," said Romano Prodi, chairman of IRI, the big state holding company that since Mussolini's time has been part of Italy's aristocracy and is trying to split itself into smaller, investor-owned, companies.

Given the political bribery scandals that have rocked Italy, Piero Bassetti, president of the Milan Chamber of Commerce, said: "When a condition for doing business changes, the big companies

Small and medium-sized companies like the Varese-based motorcycle maker have shown resilience in the recession.

have to revamp everything. It is expensive and time-consuming for them to adapt. It's the small companies that can take advantage, because they are more flexible. They can arrange things quickly."

At Cagiva's production line on the shores of Varese Lake, flexibility is clear. The metal frame for the motorcycles and the individual pieces are made in other company factories by robotized machine tools. In Varese, only 100 motorcycles a day are assembled. All are tested by hand.

"Having people rather than machines assemble the bikes improves the quality," said Martino Bianchi, a company official. The line also can be adapted to make different models.

A motorcycle called the *Mito*, or *Myth*, is an example of Cagiva's adaptability to market demand: Though small, with a 125 cubic-centimeter engine, it can run up to 170 kilometers per hour (105 miles per hour); bright red, it is styled to resemble the superfast bikes that Cagiva sponsors in international racing events and that can go nearly twice as fast. For the past two years, it has been the most-purchased motorcycle in Italy.

"Cagiva is a company that has found its niche and is exploiting it to the maximum," said Luigi Forlani, management professor at the Massachusetts Institute of Technology's Sloan business school in Naples.

Production in Italy is costly, however, and Cagiva's success is a testament to the country's economic future.

See MOTORCYCLE, Page 13

European Stocks Surge on Hopes For Rate Cuts

Compiled by Our Staff From Dispatches

European stock markets surged on Friday, with share prices rising more than one percent in London, Paris, Frankfurt and Milan as hopes grew for lower interest rates.

The European component of the International Herald Tribune World Stock Index rose 0.81 percent, to 110.14.

Stocks set a new record in London, boosted by buying by U.S. investors and by hopes for a cut in British interest rates at the time of the budget presentation at the end of November.

The 100-share Financial Times-Stock Exchange index jumped 34.5 points, or 1.1 percent, to 3,120.8. Government bonds were up by as much as a third of a point. Share volume hit 796.7 million shares, against 614 million on Thursday.

Frankfurt shares also hit a record high, with the DAX index jumping 1.25 percent, to 2,015.23 points, in very active trading. Traders said stocks were in good form because of the strong performance of the Frankfurt bond market and statements in Paris by the Bundesbank chief, Hans Tietmeyer. The central bank president said at a forum Friday that he did not rule out a reduction of German

interest rates "if the required conditions are met."

Allianz rose 48 to 2,728. Daimler-Benz was up 6.20 to 750.20 and Siemens gained 8.40 to 716.80.

The Paris Bourse was boosted by the performance in London and

Hong Kong stocks hit new record as political strains ease. Page 13.

Frankfurt, traders said. The CAC-40 index gained 1.2 percent, to 2,139.26 points.

Traders said Mr. Tietmeyer's statements fueled hopes for lower interest rates in Germany next week.

Elif-Aquitaine gained 0.12 percent on heavy volume of 630,000 shares to finish at 427.50 francs. The insurer UAP jumped 4.2 percent to 357.20.

Finally, Milan put an end to a four-session losing streak as the Mibtel stock index jumped 1.98 percent, to 10,226, as investors returned to the market for the first day of the new trading month.

Attention was focused on a massive Fiat rights issue, and the auto-

See STOCKS, Page 12

Balladur Comments Knock Franc Down

By Carl Gewirtz

PARIS — The French franc traded at a record low against the Deutsche mark Friday after a comment by Prime Minister Edouard Balladur that he is "not at all worried" about the recent fall in the franc. He said this was due to the "strength of the mark" rather than the weakness of the franc.

For the sell-off, the key phrase was "not at all worried" about the level of the exchange rate versus the mark. Under this interpretation, Mr. Balladur, who has staked his reputation on maintaining a strong currency, was signaling a change in policy and a willingness to see it weaken.

French traders, putting the emphasis on the comments about the mark's strength, insisted it was ridiculous to suggest that Mr. Balladur was attempting to talk down the value of the franc and said the sellers had chosen to misunderstand that he is not especially concerned about increased volatility since the permit-to-trade band of trading was widened in August.

In any event, the franc weakened, trading at a low of 3.5445 per mark before recovering a bit to end trading at 3.5424.

The currency's weakness fueled expectations that French interest rates will soon be cut. French stock prices rallied sharply, as did interest-rate futures. Over the week, the futures market has reduced the cost of overnight money expected in three months time to 6.4 percent from 6.75 percent.

French bankers agreed that patience was running out waiting for a decline in short-term rates and warned that tension in the currency market would mount next week if there were no cut in the German rate, which would permit a reduction in France.

While bankers here expect a See FRANC, Page 12

ECONOMIC SCENE

Military Contractors Turn To Recycling of Old Arms

By Barry Meier
New York Times Service

MAGNA, Utah — Having earned billions of dollars building weapons for the U.S. military, many contractors think they have found a new growth area — dismantling and recycling the weapons they were paid to make. "If you are looking for someone to take things apart, the first guy you are going to look for is the guy who made them," said Steven Malevich, a marketing director for Alliant Techsystems Inc., which makes bullets, cluster bombs and torpedoes.

For decades, the military discarded conventional weapons like bombs by blowing them up, burning them or dumping them in the ocean. But as environmental regulations slowly bring such practices to a halt, the Defense Department has turned to military contractors like Hercules Inc., which once turned out hundreds of missile motors a year in Utah, to find sounder ways to dispose of explosives and other weapons, as well as to recycle their ingredients.

The Defense Department is sitting on about 345,000 tons of bombs, bullets and other ordnance. The government also has unfired missile motors, unwanted chemical and nuclear weapons it wants to get rid of, and this arsenal of obsolescence is expected to grow in coming years at the ultimate cost of destroying old arms, but there is a little question it will amount to hundreds of millions of dollars. Nor is the U.S. government alone in such initiatives. In July, Alliant Techsystems, based in Edina, Minnesota, entered into a venture with Ukraine's government to dispose of 200,000 tons of ammunition, artillery shells and mortar rounds.

For weapons producers, the chance to recycle old arms will not greatly soften the blow of a sharp decline in orders. But many executives, seeking to convert their companies to a peacetime economy, are desperate for any opportunity to generate revenue.

Both government and contracting officials said it was difficult to estimate the cost of recycling a specific weapon. Mr. Malevich of Alliant Techsystems said that tank artillery shells, for which the government paid about \$1,500 each, cost about \$25 each to burn and would probably cost about \$75 each to recycle.

Government officials want to avoid some of the controversies associated with less sophisticated disposal techniques. Between 1985 and 1991, for example, the Defense Department destroyed

Companies are desperate to generate revenue.

See RECYCLE, Page 13

FDA Levies Its Biggest Fine Against Bard

Compiled by Our Staff From Dispatches

BOSTON — One of the world's largest medical supply companies agreed Friday to pay a record \$61 million fine after admitting that it had sold defective heart catheters to 20,000 patients.

The chairman of C.R. Bard Inc. and five present and former executives were indicted on charges arising from the sale. The indictment said they concealed the fact that the products were defective.

At least one patient died as a result of the defects in the catheters, wires with balloon-like tips that are threaded into the coronary arteries to prevent clogging.

In a plea agreement, the company, based in Murray Hill, New Jersey, admitted that one of its divisions had committed mail fraud, made false statements and shipped unapproved products.

The company agreed to pay a record \$61 million, the biggest fine ever levied in a case by

the U.S. Food and Drug Administration, which oversees the drug industry.

"It's a pretty worrisome thing in general, considering the size of the settlement and the severity of the punishment," said Jonathan Osgood, an analyst with Alex. Brown & Sons in Boston.

Mr. Osgood said that if the company takes a reserve for the full amount in the third quarter, as he has indicated, it would amount to about 70 cents a share and could result in a loss of 30 cents a share or more.

The company said it would pay in three installments, consisting of \$30.5 million after court approval of the settlement and two installments of \$15.25 million each. It expects to report third-quarter results on Tuesday.

The company's stock was down 9 1/2 at \$25 on Friday on the New York Stock Exchange.

Shortly after the indictments were announced, the company chairman, George Maloney, resigned. Bard said Mr. Maloney would leave immediately to prepare his defense.

The indictments followed one of the biggest fraud investigations by the Food and Drug Administration and the Justice Department, U.S. Attorney A. John Pappalardo said.

"For over three years Bard and several of its top officers in their effort to maximize profits, ignored the laws that protect the health and safety of all patients in the United States," he said.

Prosecutors said that C.R. Bard's USCI division, with the knowledge of senior company officers, violated FDA regulations by selling and distributing the unapproved catheters that were used in about 20,000 patients.

The catheters were sold between 1987 and 1990 despite the fact that they had not been approved as safe for human use.

The indictment said the catheters proved to be defective and company officials concealed this from the FDA. All the defective products have since been withdrawn from the market. (Reuters, Bloomberg)

Sculley Leaves a Troubled Apple Behind

The Associated Press

NEW YORK — John Sculley, the Apple Computer Inc. chairman who turned the easy-to-use Macintosh from a novelty into a marketing wonder of the 1980s, resigned Friday after 10 years at the forefront of the computer revolution.

The move had been expected since Mr. Sculley was replaced as chief executive in June, and he leaves on a down note. For Apple, 1993 has brought weak profit, a major restructuring and profound questions about its future.

Mr. Sculley, 54, did not announce his plans. But he has been rumored as a candidate for top corporate jobs, and analysts said he would be a natural for one of the combinations sweeping the communications industry.

Mike Markkula, 51, a vice chairman and one of Apple's founders, was named chairman. Mr. Sculley, who joined Apple in 1983 from

PepsiCo Inc., was succeeded as CEO by Michael Spindler.

"I've had some wonderful years at Pepsi, an extraordinary journey at Apple, and now I'm ready to head off to new challenges," Mr. Sculley said.

Mr. Sculley won a power struggle in 1985 with Steven Jobs, who founded Apple in a California garage, and led its transformation from a \$600 million company with a small following into an \$8 billion colossus.

His exit was rooted in the year-old price wars for personal computers that have slashed profit margins across the industry.

Weak demand for its pricey Macintosh led large stockpiles. Apple's U.S. market share was 12.3 percent in the first half of 1993, down from 13.3 percent a year earlier, according to International Data Corp.

Mr. Sculley stepped down as

CEO shortly before Apple laid off about 2,500 employees and reported its biggest quarterly loss ever, \$188 million.

Signs that Mr. Sculley was detaching himself from Apple were plentiful. He began spending more time as a company and industry visionary, rather than running operations.

"He's been trying to leave for well over a year, and it's too bad the board had to come up with such a graceless way to do it," said Richard Shaffer, a principal in Technology Partners, a consulting firm.

He could have left as a hero. Now there's a cloud over the department.

It may be slowly lifting. On Thursday, Apple reported slim quarterly profit of \$2.7 million; analysts had expected a loss. Sales climbed 21 percent to \$2.14 billion in the period from a year earlier, and shipments were strong.

That news bolstered Apple shares. The stock climbed \$4.50 to \$28.25 in heavy over-the-counter trading Friday, but remains less than half its level in May.

Analysts said Mr. Sculley's emphasis on new technologies could

position Apple well for the future, but Mr. Spindler needs to keep old Macintosh prices relative to the IBM-compatible PCs that dominate the market and refocus its product line.

Michael Murphy, editor of the California Technology Stock Letter, said he believed the "only mistake" Mr. Sculley made was "believing you could charge premium prices for Macintosh hardware forever."

But Mr. Sculley leaves knowing Macintosh has strengthened in the small business and home office market with lower-cost models. Apple's Powerbook portable computer, another Sculley-led success, remains strong.

The handwriting-based Newton "personal communicator" touted by Mr. Sculley also remains promising despite criticism that it does not recognize the written word well.

Finally, Mr. Sculley has positioned the company in joint ventures for software and multimedia.

"I think many of John's visions of future directions will prove to be correct," Mr. Shaffer said.

CURRENCY & INTEREST RATES

Oct. 15

Cross Rates	Oct. 15
Amsterdam	1.615 1.138 0.676 0.142
Brussels	35.8 2.74 22.5 0.71
Frankfurt	1.934 2.45 0.516 0.516
London (cd)	1.522 1.522 0.000 0.000
Milan	13.8 17.7 0.378 0.378
Paris	1.21 1.21 0.000 0.000
New York (N)	1.285 1.285 0.000 0.000
Porto	1.21 1.21 0.000 0.000
Tokyo	163 163 0.000 0.000
Zurich	1.52 1.52 0.000 0.000
1 ECU	1.72 1.72 0.000 0.000
1 SDP	1.61 1.61 0.000 0.000

Closes in Amsterdam, London, New York and Zurich. Rates to other centers: Toronto rates in A.M. O: To buy one pound; D: To buy one dollar; .: Units of 100; N.O.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per \$	Currency	Per \$
Australian	0.970	Swiss Franc	0.75
Canadian	0.72	Japanese Yen	163
Deutsche Mark	1.61	South African Rand	1.8
French Franc	6.55	Swedish Krona	8.5
Italian Lira	1.936	Thai Baht	25.8
Japanese Yen	163	Turkish Lira	1.8
Spanish Peseta	166.6	U.S. Dollar	1.00
Swiss Franc	0.75	West German Mark	1.61
U.S. Dollar	1.00	Yuan	8.2

Forward Rates
Currency 30-day 60-day 90-day 120-day 150-day 180-day 240-day
Swiss Franc 1.274 1.274 1.274 1.274 1.274 1.274 1.274
Deutsche Mark 1.620 1.620 1.620 1.620 1.620 1.620 1.620
Japanese Yen 1.63 1.63 1.63 1.63 1.63 1.63 1.63

Eurocurrency Deposits

Term	Dollar	D-Mark	Swiss Franc	French Franc	Yen	ECU
1 month	3 1/4-3 1/2	6 1/4-6 1/2	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/2-7 1/2
3 months	3 1/4-3 1/2	6 1/4-6 1/2	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/2-7 1/2
6 months	3 1/4-3 1/2	6 1/4-6 1/2	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/2-7 1/2
1 year	3 1/4-3 1/2	6 1/4-6 1/2	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/2-7 1/2

Source: Reuters, U.S. Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

Instrument	Rate
Discount rate	5.25
Prime rate	8.00
Federal funds	7.00
3-month CD	7.00
6-month CD	7.00
9-month CD	7.00
1-year CD	7.00
1-year Treasury bill	7.00
2-year Treasury bill	7.00
3-year Treasury bill	7.00
5-year Treasury bill	7.00
10-year Treasury bill	7.00
10-year Treasury note	7.00
10-year Treasury bond	7.00
10-year Treasury Inflation Protected Security	7.00

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NOTICE OF INTERNATIONAL PUBLIC BID No. 3

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PROVINCE OF SANTE FE

MINISTRY OF FINANCE

Financial Improvements and Economic Development Program of the Argentine Provinces

PROVINCIAL EXECUTION DEPARTMENT WORK EXECUTION

Repayment of provincial road No. 13 (San Carlos Pellegrini stretch)

Opening of Tenders: December 1st, 1993 at 11 a.m. at the Salon Blanco of the Government House,

MARKET DIARY

STOCKS: An Advance in Europe

Continued from Page 11
maker's stock plunged 1,833 lire, or 33 percent, to 3,758 lire.

Analysts said investors across Europe, particularly from offshore, were covering the possibility that...

N.Y. Stocks
this week's currency turmoil might end in a crack next week in interest rate policy by France and other countries.

U.S. Stocks Gain
Stocks closed with modest gains in heavy trading on the New York Stock Exchange Friday, boosted by a bond rally following the second straight day of encouraging infla...

FRANC: At a Low Versus Mark

Continued from Page 11
most a reduction of only 10 basis points, or hundredths of a percent, in Germany's overnight money, to 6.6 from 6.7 percent, they argue this could be enough to...

Foreign Exchange
reassure the market that rates are edging down even if more slowly than hoped for.

Elsewhere, the Belgian franc remained under pressure and the central bank as it has done almost every day this week... interest in Germany...

Belgian efforts to stabilize the franc at 22 per mark were seen lacking conviction given the diminished level of the country's reserves and the burden of an enormous domestic debt, which bars any increase in interest rates to protect the currency.

"I'd expect to see the Belgian franc trading at 22.35 per mark before the end of the month," said Reinier Marian at Hessische Landesbank in Frankfurt. He estimated the size of the intervention as not large. He estimated sales of French francs averaging 3.5 billion in the past two days has increased substantially and said the amounts are far larger than those seen in the Belgian franc.

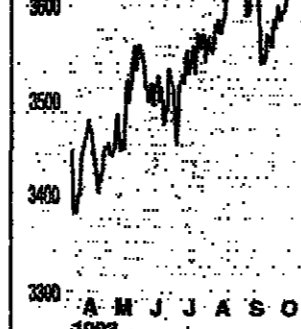
Dollar Moves Higher
The dollar rose Friday in U.S.

WORLD STOCK MARKETS

Table of World Stock Markets with columns for Market, Index, High, Low, Change, and Volume. Includes sections for Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Sao Paulo, Singapore, Stockholm, Toronto, and Zurich.

The Dow

Daily closings of the Dow Jones Industrial average 3700



NYSE Most Active

Table of NYSE Most Active stocks with columns for Symbol, High, Low, Last, and Change.

AMEX Stock Index

Table of AMEX Stock Index with columns for High, Low, Close, and Change.

Dow Jones Bond Averages

Table of Dow Jones Bond Averages with columns for Category, High, Low, Close, and Change.

Market Sales

Table of Market Sales with columns for Volume, High, Low, Last, and Change.

N.Y.S.E. Odd-Lot Trading

Table of N.Y.S.E. Odd-Lot Trading with columns for Buy, Sell, and Volume.

S&P 100 Index Options

Table of S&P 100 Index Options with columns for Symbol, High, Low, Last, and Change.

NYSE Diary

Table of NYSE Diary with columns for Symbol, High, Low, Last, and Change.

AMEX Diary

Table of AMEX Diary with columns for Symbol, High, Low, Last, and Change.

NASDAQ Diary

Table of NASDAQ Diary with columns for Symbol, High, Low, Last, and Change.

Dow Jones Averages

Table of Dow Jones Averages with columns for Index, High, Low, Last, and Change.

Standard & Poor's Indexes

Table of Standard & Poor's Indexes with columns for Index, High, Low, Last, and Change.

NYSE Indexes

Table of NYSE Indexes with columns for Index, High, Low, Last, and Change.

NASDAQ Indexes

Table of NASDAQ Indexes with columns for Index, High, Low, Last, and Change.

AMEX Stock Index

Table of AMEX Stock Index with columns for High, Low, Close, and Change.

Dow Jones Bond Averages

Table of Dow Jones Bond Averages with columns for Category, High, Low, Close, and Change.

Market Sales

Table of Market Sales with columns for Volume, High, Low, Last, and Change.

N.Y.S.E. Odd-Lot Trading

Table of N.Y.S.E. Odd-Lot Trading with columns for Buy, Sell, and Volume.

S&P 100 Index Options

Table of S&P 100 Index Options with columns for Symbol, High, Low, Last, and Change.

NYSE Diary

Table of NYSE Diary with columns for Symbol, High, Low, Last, and Change.

AMEX Diary

Table of AMEX Diary with columns for Symbol, High, Low, Last, and Change.

NASDAQ Diary

Table of NASDAQ Diary with columns for Symbol, High, Low, Last, and Change.

EUROPEAN FUTURES

Table of European Futures with columns for Contract, High, Low, Last, and Change.

Food

Table of Food futures with columns for Contract, High, Low, Last, and Change.

Metals

Table of Metals futures with columns for Contract, High, Low, Last, and Change.

Stock Indexes

Table of Stock Indexes with columns for Index, High, Low, Last, and Change.

Dividends

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Financial

Table of Financial futures with columns for Contract, High, Low, Last, and Change.

U.S. FUTURES

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Trade Deficit Narrows

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The Labor Department, meantime, reported that prices at the retail level remained unchanged in September, held in check by declines in energy, apparel and tobacco prices.

Improved Profit Lifts Kellogg Stock

BATTLE CREEK, Michigan (Bloomberg) — Kellogg Co. stock soared Friday after the company said third-quarter results, fueled by gains in cereal volume, rose a better-than-expected 5 percent.

The company said net income rose to \$209.3 million, or 90 cents a share, from \$199.7 million, or 84 cents, a year earlier. Kellogg's record third-quarter earnings came in ahead of Wall Street's expectations, and the stock rose \$3.25 to \$56 on the New York Stock Exchange.

Chrysler Workers Back UAW Pact

DETROIT (Combined Dispatches) — The United Auto Workers Union said Chrysler Corp.'s \$4,000 hourly workers approved the union's tentative three-year labor agreement on Friday by a margin of 74 percent.

On Sept. 29, Ford Motor Co.'s U.S. hourly workers approved by a 2-to-1 margin a three-year contract with the UAW on Sept. 16. The Chrysler contract is patterned after the Ford agreement, which covers about 96,000 U.S. workers.

The Ford and Chrysler agreements provide for a 3 percent wage increase in the first year and three percent lump-sum payments in 1995 and 1996, a 13 percent gain in pensions over three years and fully paid health insurance. (Reuters, Bloomberg)

For the Record

Chemical Banking Corp. and Chase Manhattan Bank are asking U.S. regulators for permission to underwrite and sell stocks, indicating a further breakdown in the division between banks and investment houses. (AP)

ITT Corp. will cut 1,100 of the 4,000 jobs at its world and division headquarters sites, saving the company \$147 million, or 81 cents a share, in annual costs, the company said Friday in New York. (Bloomberg)

Robm & Hays Co. expects to report a loss for the third quarter ended in September, due to contracts not related to ongoing operations totaling \$50 million after taxes or 0.74 cents a share. (Reuters)

Tandy Corp.'s chairman, John Roach, said in Fort Worth, Texas, that he expects third-quarter earnings to be "flatish," but the year as a whole to be up significantly. (Reuters)

U.S./AT THE CLOSE

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A Deep Loss At Galeries Lafayette

PARIS — Galeries Lafayette, a retail store chain, reported Friday a sharp loss for the first half of the year...

Bundesbank Holds Inflation Line But Tietmeyer Says It Won't Ignore Europe's Needs

FRANKFURT — The new Bundesbank president, Hans Tietmeyer, said Friday that the German central bank would keep pursuing anti-inflationary policies...

out further cautious interest rate cuts when conditions are right. Analysts and economists do not expect a cut in German rates as long as inflation and German money supply growth do not show further clear progress...

stable Europe, our neighbors also need a stable Germany," he said. Mr. Tietmeyer also warned European nations against rushing back to narrow fluctuation-bands for their currencies.

"A free movement of capital is an essential contribution to the promotion of inevitable adjustments in economic policies," he said. These adjustments would put European countries on the road toward closer convergence.

Confusion Halts Trade Of Stock In Ferruzzi

MILAN — The Milan exchange's trading system was never able to establish a price for the stock of Ferruzzi Finanziaria SpA on Friday as dealers struggled with group developments in the company's refinancing...

Investor's Europe table with columns for Frankfurt DAX, London FTSE 100 Index, Paris CAC 40 and various stock indices with their respective values and changes.

Maxwell Liquidator Asserts Banks Hold Millions

LONDON — The man charged with chasing the millions of pounds that Robert Maxwell, the late media tycoon, stole from his employees' pension funds says his hunt is being stymied by bad regulations and recalcitrant investment institutions.

their refusal to return it. About £300 million has been recovered, however, he said. "The Maxwell case is a visible example of the problems of self-regulation in the U.K.," Mr. Cooper said.

Mr. Cooper and his team of 16 lawyers and accountants have been criticized by a parliamentary committee for being too slow in collecting this money and too quick to collect their fees.

Mr. Cooper said that Lehman Brothers International holds £100 million of the pension fund assets. Banque Nationale de Paris SA £33 million and Credit Suisse £50 million. The banks deny this, however.

Mr. Cooper said that Lehman Brothers and BNP to try to force the issue. He expects the Lehman suit to start preliminary hearings before the end of the year.

H.K. Stocks Set Week's 5th Record

HONG KONG — Stock prices shot up 4.2 percent Friday to another record high, as signs emerged of a cooling of a long-standing dispute with China over Hong Kong's political future.

Asian Airbus Sputters Singapore Aerospace Shuns Korea Plan

HONG KONG — Singapore Aerospace, described earlier this week as a founding partner in a four-member consortium to build mid-size passenger jets in Asia, distanced itself from the project on Friday.

offer their technology for a stake in the project. Few analysts expect western manufacturers like Airbus, Boeing Co., or McDonnell Douglas Corp. to readily surrender their expertise, and thousands of jobs at home, to any Asian consortium.

"It's a pipe dream for American and European manufacturers to think Asians are going to sit back and keep buying their planes," said Paul Compton, an aviation analyst with Credit Lyonnais Securities in London.

Hosokawa Denies Japan Is Bending On Rice Imports

TOKYO — Prime Minister Morihiro Hosokawa on Friday denied news reports that Japan and the United States were nearing an agreement to lift Japan's virtual ban on rice imports.

ing the Uruguay Round of world trade talks. A poor harvest is forcing Japan to import 200,000 tons of the grain this year from China, Taiwan, Thailand and the United States.

RECYCLE: Using Up Arms

more than 840 Pershing and ground-launched cruise missiles to comply with the Intermediate-Range Nuclear Forces Treaty. The motors that powered the rockets were simply bolted down by military contractors in vacant fields and ignited, spewing clouds of noxious fumes containing ozone-depleting chemicals.

MOTORCYCLES: Italian Success Story Rolls On

Continued from Page 11 giva is trying to cut costs and expand its markets at the same time. It owns 51 percent of a joint venture in the Czech Republic, which began producing its first motorcycles this summer.

The advantage: Cagiva will be able to sell the Czech-made bikes for about 6 million lire each, about half the price of a similar bike made in the West. That compares with prices of up to 25 million lire for its top-of-the-line models, such as the Ducati, which is competing successfully with such Japanese brands as Kawasaki.

"Everybody is trying to reduce their costs, everywhere," said Eugenio Valentini, Cagiva's director general. At the same time, however, he said the company was keeping spending on research "high," at about 10 percent of motorcycle sales.

COMPANY RESULTS

Table listing financial results for various companies including Chrysler, Georgia-Pacific, United States, Bank of New York, Crown Cork & Seal, and others, with columns for revenue, net income, and per share values.

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ASIA/PACIFIC

Investor's Asia

Table showing stock indices for Hong Kong Hang Seng, Singapore Straits Times, and Tokyo Nikkei 225, along with other regional indices and their percentage changes.

Very briefly: Goocho Group Ltd. will pay 4.6 billion Hong Kong dollars (\$571 million) to buy Overseas Trust Bank from the Hong Kong government...

In Tokyo, New Fear of 'Double Dip' Downturn

TOKYO — Business sentiment suggests Japan's economy is falling into the second phase of a "double dip" downturn due to the effects of a cold, wet summer and the appreciation of the yen, the Economic Planning Agency said Friday.

Weyherboer

Weyherboer 1992 1993 Revenue 1,900 1,915 Net Inc. 66.2 107.2 Per Share 5.3 7.3

NYSE

Table with columns: High, Low, Stock, Div, Yld, PE, etc. Includes sub-sections for Friday's Closing and various stock listings.

Table with columns: High, Low, Stock, Div, Yld, PE, etc. Continuation of NYSE listings.

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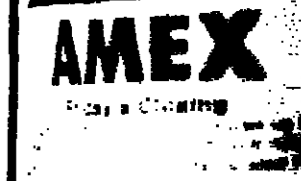
INTERNATIONAL FUNDS

Quotations apply by fund listed. Not used where quotations are supplied by the Funds listed with the exception of some quoted based on issue prices.

Main table of International Funds with columns: Fund Name, Div, Yld, PE, etc. Includes sub-sections like EVERETT CAPITAL, CURRENCY CAPITAL, MEESPIERSON, PUTNAM, etc.

AS - American Dollars; AU - Australian Dollars; BF - Belgian Francs; CC - Canadian Dollars; DM - Deutsche Mark; EC - European Currency Unit; FF - French Francs; L - British Pound; S - Swiss Franc; SF - Swiss Franc; Y - Yen; Z - Zairean Dollar; N.A. - Not Available; N.C. - Not Committed; N.H. - Not Registered; S.S. - Stock Split; D.W. - Dividend; E.P. - Offer Price; P.C. - Premium Charge; P.E. - Paris Exchange; A.M. - Amsterdam Exchange; S.M. - Santiago Exchange; B.M. - Bogota Exchange; L.M. - Lima Exchange; R.M. - Rio de Janeiro Exchange; S.M. - Sao Paulo Exchange; B.M. - Bogota Exchange; L.M. - Lima Exchange; R.M. - Rio de Janeiro Exchange; S.M. - Sao Paulo Exchange.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.



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MONEY

FIRST COLUMN

Markets, Psychology, And a Glass

WHY not live dangerously? Allow yourself to make the (admittedly somewhat risky) assumption that the markets have their own particular cast of mind. Suddenly the public relations battle surrounding today's price levels and tomorrow's price directions becomes a little easier to understand.

The old aphorism to explain market psychology is the description of the glass of wine on the table. Either it is half-full, or half-empty. In the former case all news, even bad news, is filtered through an optimistic cast of mind and becomes good news. In the latter case, even the good news is another reason to sell.

It is against this background of unreason that academics have been struggling to find "the fundamentals", or "economic facts" (whatever those might be) that actually influence market behavior. Think of the fun the foreign-exchange markets have had since summer of last year. They have prompted governments to fulminate uselessly about the underlying strength of their economies, about the wickedness of speculation, even, embarrassingly, about phantom conspiracies. Yet the simple truth is that when the cast of mind is positive things go up, when it is negative, they fall.

There are all sorts of theories as to what the constituent elements of market consciousness might be. Some academic studies show that index price closings avoid "benchmark" points (say 1,600, or 2,000). That seems to indicate there is such a thing as a collective consciousness (otherwise there could be no such thing as a psychological barrier). It also points to that consciousness being irrationally wedded to avoiding round numbers — a factor that ought not to affect share prices.

Here, then, is just one way that market behavior seems to be a mind game. And it is all the more frightening because no one quite knows what the mind of the market really is. Now when you see and hear those with vested interests talking about the sensible value of markets at this weekend's dizzy heights, you will know what is at the back of their minds: They're talking a good game of greed, but the more they talk, the more they feel the fear of the inevitable fall.

M.B.

Troubling Echoes Of the Crash of '87

By Philip Crawford

WITH equity market highs around the globe being reached seemingly every week, perhaps the best antidote for investors who find a little giddiness difficult to resist is the memory of exactly six years ago. In the third week of October 1987, like now, the skies seemed a bit too blue to be true.

A lot of the bullishness that characterized the Reagan years turned to humility and woe later that month, of course, when the New York Stock Exchange suffered its second great crash of this century, pulling other major markets down with it.

Entering the third week of October 1993, some echoes of 1987 seem to be in the wind. Not just the bullish voices, but the behavior of the markets themselves. All one has to do is look at the lengthy upward index curves and the extravagant price-earnings ratios around the globe to see the parallels.

Such developments should be enough to give even the most sanguine of investors pause, and to raise a fundamental, somewhat disturbing set of questions: Have global equity markets become overvalued? Is a major correction, perhaps even a third crash of the 20th century in the offing, possibly before the dawn of 1994?

Most international economists and investment strategists, acknowledging that some similarities to 1987 currently exist, say that a crash in the near future is doubtful, although some experts see the possibility as far less remote than others. As for the reasons why current market patterns, which mirror or at least appear to reflect those of six years ago, should produce a different result, the opinions are numerous and diverse.

"Stock markets are full of booms and crashes," said Michael Hughes, global investment strategist for the London brokerage Barclays de Zoete Wedd. "And I never say 'never' to the question of a crash's likelihood. That having been said, however, this is not the summer of 1987. Certain market forces that were operating then are not operating now."

Perhaps the most obvious parallel between 1987 and 1993 is the plethora of prolonged stock market rallies around the globe. As of Thursday's closing, for example, the DAX index of German stocks had gained 28.8 percent this year, and the CAC-40 index of leading

French stocks was up 13.7 percent. The Milan index of Italian equities has grown 25 percent since the first of the year, while the Hang Seng stock exchange has risen 58.9 percent, setting a new record of 8763.98 on Friday. The litany goes on.

In Japan, the Nikkei 225 index is up 19 percent, and in Switzerland, the Swiss Performance Index has jumped 31.3 percent. The International Herald Tribune World Stock Index of 230 internationally investable stocks from 20 countries has gained 20.5 percent this year.

More modest gains have been registered by the FTSE-100 index in London (8.4 percent), and the Standard and Poor's 500 index in New York (7.1 percent), but the high P-E ratios of those markets has provided a degree of ammunition for those who say the bubble is about to burst in a big way.

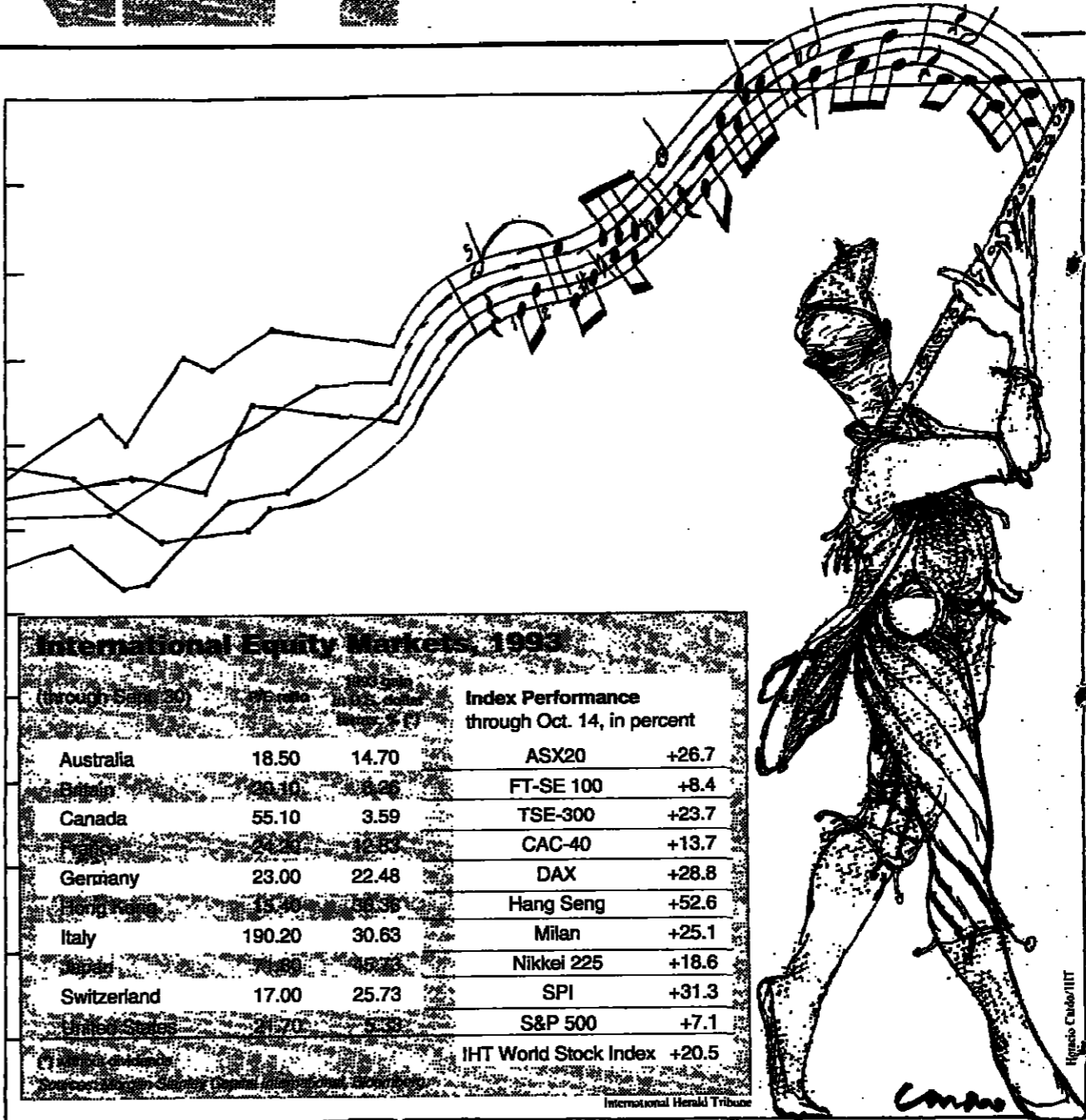
Price-earnings ratios, or the ratio of a company's share price to its per-share earnings, are currently higher than they were in October 1987 in many major markets, most glaringly in Japan. As of Sept. 30, the prime stocks on the Japanese market were trading at 72 times earnings, according to Morgan Stanley Capital International, which compiles its own indexes of more than 20 major markets, and computes market P-E figures. MSCI statistics showed the American market to be trading at about 22 times earnings, the United Kingdom at 20, Germany at 23, and France at 24 times earnings at the end of the third quarter.

Although interpretations of the "highness" or "lowness" of P-E ratios can vary widely from sector to sector and market to market, a P-E or "market multiple" of 20 is typically considered quite pricey, and often, overvalued.

Some analysts, however, say that such levels shouldn't cause too much alarm, because major markets are coming out of recession, which wasn't the case six years ago.

"It's true that the markets are expensive in P-E terms," said James Cornish, European strategist for NatWest Securities in London. "But that's O.K. if you believe that economies in Continental Europe will pick up in 1994, and that we'll see earnings growth of 15, 20, 25 percent. Personally, I believe that earnings will pick up."

David Blitzer, chief economist for the independent research firm Standard & Poor's Corp. in New York, concurred that European



markets have been trading on anticipation of recovery, and warned that "big problems" would develop if economies could not confirm in 1994 what the markets have predicted this year. He said the situation in the United States was different in some ways but similar in others.

"The time when investors should listen to an economist is when he groans and says 'Well, we're now in a recession,'" said Mr. Blitzer. "That moment in the U.S. was in October of 1990. By now, however, we've already been in recovery, although a difficult one, for a couple of years. And the question that remains is whether companies can bring P-Es back to reality by bringing earnings up. We're seeing earnings gains and dividend increases to some extent, but the situation is still worrisome. Ultimately, I think things will hold on and that we'll avoid any real collapse."

Paul Horne, international economist at Smith Barney Shearson in Paris, said he was encouraged that European companies seem to have learned the American method of corporate cost cutting which, though bad news for workers, is often good news for shareholders. "With the cost cutting that many European companies have been carrying out, small pick-ups in unit sales can have a much larger impact on the bottom line," said Mr. Horne. "This trend should support European equity markets."

By most accounts, Japan is the most likely major market to undergo a serious correction in the near future. Three years of declining corporate profits, little prospect for economic recovery, and sky-high share prices tell the tale. "Japan certainly is overvalued," said Mahdavi Dhar, global strategist at Morgan Stanley in New York. "And even if earnings were to double or triple within the next two years, which they could do, that would still be the case."

Mark Cliffe, senior international economist at Nomura Research Institute (Europe), said the Japanese economy hasn't been helped much by government efforts to jump start it into recovery. "First, they tried increasing spending on public works, but they realized that wasn't going to have any major effect," he

said. "By now, the government has arrived at the point of discussing a fourth stimulus package, to be worth 6 trillion yen (\$57 billion) and which is supposed to include tax cuts. But any sort of real recovery and increase in corporate profits still looks some ways off to me."

Asked why he felt share prices and P-E ratios continued to climb in Japan in the face of all the bad news, Mr. Cliffe replied that many Japanese investors "just haven't recognized the full extent of the recession." "The forecasts have been far too optimistic," he said. "A year ago, they were predicting growth of 2 percent overall in 1993. Now, it's looking more like none at all." Japanese problems have been compounded by the rise of the value of the yen in dollar terms, which has cut severely into the profits of export-heavy Japanese industries. The yen opened the year at 125.8 to the dollar, strengthened to 101 in August, and was trading this week at about 106.

Turning to the United States, Mr. Cliffe added that while he was not currently worried about a crash there, an upturn in interest rates might make him think twice. "It's the interest rate picture, as well as the outlook for inflation, that many experts point to when comparing 1993 to 1987. Fairly basic economic theory says that equity markets tend to climb when interest rates are low, since bonds and money market instruments are that much less attractive. That principle has been born out in the United States this year, moreover, as the stock market, with nominal interest rates at their lowest level in 20 years, has taken off. In Europe, merely the expectation of lower interest rates — along with the economic stimulus they would provide by making loans more accessible — has contributed to the equities bubble. Such was not the case in the weeks before the crash of '87, say experts."

"In 1987, the model was broken," said Mr. Dhar. "The stock market was high, but so were interest rates. And with rates so high, there was no support for equities. True, markets may be extended and expensive now, but they are underpinned by low interest rates and low inflation. That's why if there is a correction coming, it will be shallower and shorter than it was in '87."

Yields for the benchmark U.S. 30-year Treasury bond had crossed the 10 percent barrier in October 1987, while the long bond is currently yielding less than 6 percent.

Mr. Hughes, of Barclays de Zoete Wedd, put a slightly different spin on a similar idea. "Now," he said, "investors are still being paid to take equity risk, since equity markets are responding to reductions in real bond yields. In '87, real bond yields became higher than the expected long-term real return from equities." Asked what might trigger a major correction this year, Mr. Hughes replied: "Anything that raises real bond yields."

"My biggest fear," he continued, "is that inflation will become negative. If that happens, real bond yields would rise and the equity bubble could pop. I give that scenario about a 10 percent probability."

Negative inflation, or when money is worth more in the present than it was in the past, can occur for a variety of reasons. Among them is when companies facing sub-par earnings projections take the tack of trying to gain market share by adopting major price discounts. Examples that apply currently would include the airline and automobile industries.

Mr. Horne, of Smith Barney Shearson, allowing that the P-E ratios of many major markets currently look "barrowing," maintained that expected further interest rate cuts and easier monetary policies should compensate for lackluster corporate earnings, at least for a while longer. "If you want to point to something that looked just like 1987," he added, "look at the markets in Helsinki, Stockholm, and Madrid in October of 1992, just after the ERM crisis."

"That made my hair stand on end," he said, referring to the sharp stock-market rallies that followed the September 1992 crisis in the European Monetary System.

Mr. Blitzer, of Standard & Poor's, said his main fear regarding a major market crash was not in 1994, but in the slightly longer term: "My real worry is a few years down the road, when the next recession comes along. At that point, interest rates will be rising and corporate earnings will be falling, but we'll be starting the cycle with P-E ratios that are still at very high levels. That's a recipe for real trouble."

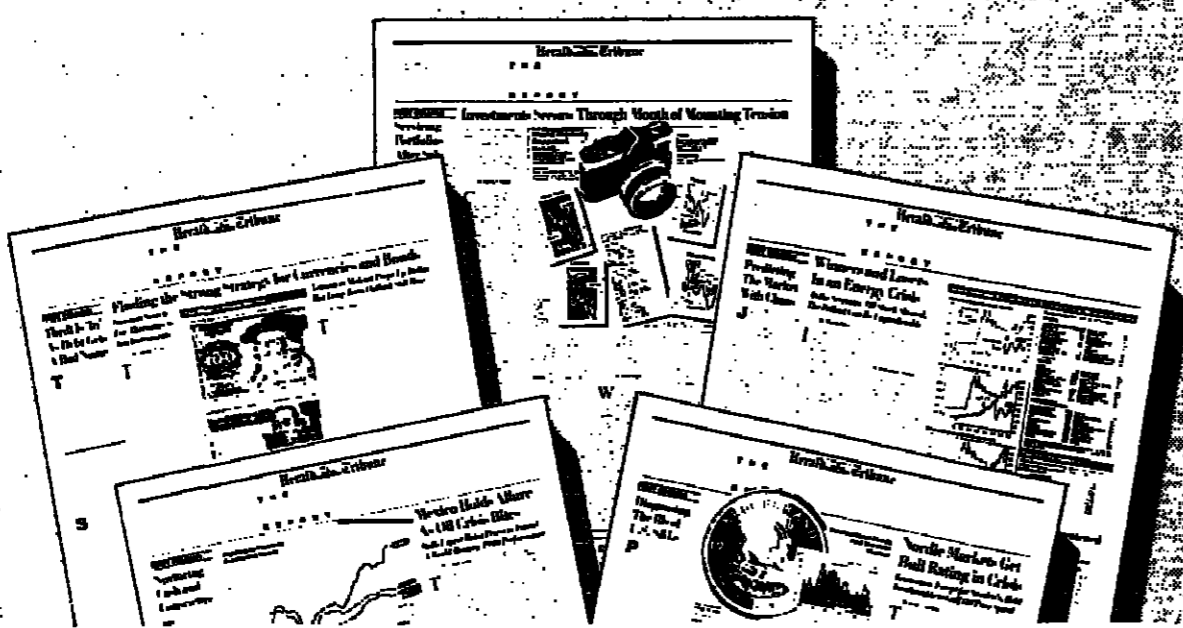
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BRIEFCASE

For Pricy Apartments, Paris And Monte Carlo Lead Pack
The Corcoran Group, a New York-based residential realtor, has just released its annual survey of apartment prices in the most exclusive residential districts around the world.

The pecking order is virtually unchanged from the group's 1992 report, with apartments on the waterfront in Monte Carlo and Avenue Henri-Martin in Paris topping the most costly list at, respectively, \$12,903 a square meter and \$12,240 a square meter.

Prices of residences along New York's Fifth Avenue seem bargain-basement by comparison. Still suffering from the city's prolonged real-estate slump, apartments at Manhattan's most sought-after address are selling for an average \$3,690 a square meter, making them sixth-ranked behind Monte Carlo, Paris, Tokyo, London and Zurich.

The Corcoran International Report is based on current sale prices for luxury two-bedroom apartments in upscale neighborhoods. Data are gathered from residential brokers and real-estate consultants in major cities around the globe.

Kleinwort Benson Plans A 2d Life Insurance Fund

Kleinwort Benson Investment Trusts, the London-based mutual fund arm of the eponymous merchant bank, has announced that it will be launching a second fund investing in life policies sometime next month. The fund will emulate its predecessor, the Kleinwort Endowment Policy Trust, by investing in secondhand life policies. The mar-

ket in secondhand policies is well established in London, where there are regular auctions. Industry observers say that other European countries, notably Germany, are beginning to show an interest in this type of investment.

What the trust will be buying is the right to receive the benefit of a life policy on the death of the life assured, or the sum accrued on the expiration of the term of the policy — if, as many do, the policy offers either a sum assured on death, or an unspecified benefit if the person insured is still living. The key factors affecting the value of the policy are the investment track record of the insurance company's management team, the length of term unexpired, and in some cases, the life expectancy of the person insured.

Kleinwort Benson's first venture in this field quickly reached its minimum target of £30 million (\$45 million), and is now approaching full investment. Simon White, managing director of Kleinwort Benson Investment Management, said that the management team's experience in "purchasing attractively priced policies (would) be particularly helpful to the new fund. Indeed, we have the only team with specialist experience of running a large fund of this nature."

Information on the fund, which will be quoted on the London Stock Exchange for a term of about 12.5 years, is available from the firm's preregistration desk. Potential investors should call London (44 71) 956-5832.

World's Best Bond Market? It's Currently New Zealand

The bull market in bonds keeps on running. "Despite the maturity of the bull mar-

ket in bonds, now entering its fourth year, the average local currency return (both capital and coupon income) of the 21 government bond markets in our universe in the July to September period was, at 3.83 percent, over a percentage point higher than the returns in three of 1992's quarters," writes Kemper Investment Management, the London arm of the U.S. mutual fund firm.

In dollar terms, the best performer of the quarter was the New Zealand market, up 7.9 percent, with Austria and the Netherlands following closely on 7.8 and 7.7 percent respectively. Over the year to the end of September, dollar investors would have done best in Japan, with an handsome return of 25.2 percent. Second over this period is the New Zealand market, with 17.2 percent, followed by Norway on 16.7 percent.

Fleming's Chinese Fund Is Heavily Oversubscribed

Fleming Investment Trust Management reports \$2.70 chasing every dollar's worth of investments in its newly launched Chinese fund. "The great majority of shares have been taken up by private investors or financial intermediaries acting on their behalf," said Lord Mark Fitzalan-Howard, London-based chairman of Fleming Investment Trust Management. The allocation basis favored smaller investors, with those seeking the minimum investment having two-thirds of their application granted. At the other end of the scale, investors seeking 600,000 shares received just 27,300, or 4.6 percent, of their application.

THE MONEY REPORT

Boom on the Subcontinent, Values in Europe, and the Triple 3s

Members of a panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Anna Tong, director, Aetna Investment Management (Hong Kong) Ltd.

For a region comprising 1.2 billion people and a middle class larger than the entire population of the United States, the subcontinent (Pakistan, Bangladesh, Sri Lanka and India) does not get the recognition it deserves.

economic crossroads with foreign-exchange reserves equal to only one month's imports. This balance of payment crisis, combined with a decade of budget deficits and the

decline of its Soviet mentor, forced India to undertake major policy reforms with the guidance of the International Monetary Fund.

In addition, India's New Industrial Policy was a decisive break from the past and drew on the lessons of India's Asian neighbors by reducing barriers to entry in most industries, actively courting foreign investment and allowing the rupee to float freely.



Howard Flight, director, Guinness Flight Global Asset Management

The recent advance in European equity markets has largely reflected the belief that European economies are at a similar stage to those of the United States two years ago and the United Kingdom 18 months ago.

remarkably slow in grasping and accepting the new economic and political realities. It is totally clear that a common currency for Europe is an unrealistic goal, given the political and economic differences and divergences among the EC's member states.

Germany has its specific problems resulting from reunification, the restructuring needs amongst its more mature industries in West Germany, of rigid labor laws, and a total fiscal deficit that may increase alarmingly further as unemployment increases in the West.

economic and labor problems. Notwithstanding, inflation has fallen and its "Socialist" government is coming round to pursuing capitalist policies.

Belgium remains in a mess. The Netherlands retains most of the reunification virtues of Germany. The economies of northern Scandinavia still have excessive deficits to reduce, and very limited policy options to stimulate recovery.



Christopher Kwiecinski, investment manager, Banque Indosuez, Global Private Banking

October usually brings a sense of uneasiness to those pundits who have a tendency to expect the status quo on the global financial markets to prevail.

First, in the United States the short-term economic outlook can be best characterized by the following triple threes: 3 percent inflation-adjusted, annual growth rate in the gross domestic product, 3 percent consumer-price inflation, and 3 percent short-term interest rates.

Short-term interest rates have for the most part been unchanged since September 1992, when the Federal Reserve last adjusted its federal funds target rate to the 3 percent level.

rate is now about 250 basis points 2.5 percentage points — by far the lowest spread since early 1980s.

The second triple configuration has to do with the current convergence of long-term bond yields on the top three world markets (excluding Japan).

Man Triumphs in One Investment Area

By Rupert Bruce

MAN is gaining the edge on machines in at least one fast-growing area of investment management: the managed-derivatives business.

John Burridge, managing director of GNI Fund Management, said: "I would say that the trend systems all did very well in the late '80s, but in '91 and '92, they definitely underperformed."

market conditions, like those of 1991 and 1992. "Sophisticated investors have recognized that discretionary traders are better at managing risk than medium-term trend followers."

Strategic Asset Management in Bermuda about six months ago, said he thought it was a question of demand.

There are an awful lot of pools of money chasing the rates they can achieve either in big mutual funds or by putting money on deposit.

Table with 3 columns: Fund Name, Performance, and Source. Lists various mutual funds and their performance metrics.

Table with 3 columns: Fund Name, Performance, and Source. Lists various derivative funds and their performance metrics.

BT rings up £160 every second, screams the British tabloid newspapers earlier this year when the privatized telecommunications giant unveiled profits barely dented by Britain's deepest recession since the war.

Telecom Firms: The Shakeout Goes On. By Aline Sullivan. IT'S a global business, but it is a worldwide buy. Analytical opinion is pretty much united on one issue: The quality of telecom stocks around the world is uneven.

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Advertisement for Offshore Companies, Insurance, and Specialized Services. Includes contact information for various firms and a coupon for more information.

Large advertisement for Jyske Bank's Dollar Investment Package. Features a circular logo and detailed information about investment options in US dollars.

سكزا من الأصيل

SPORTS

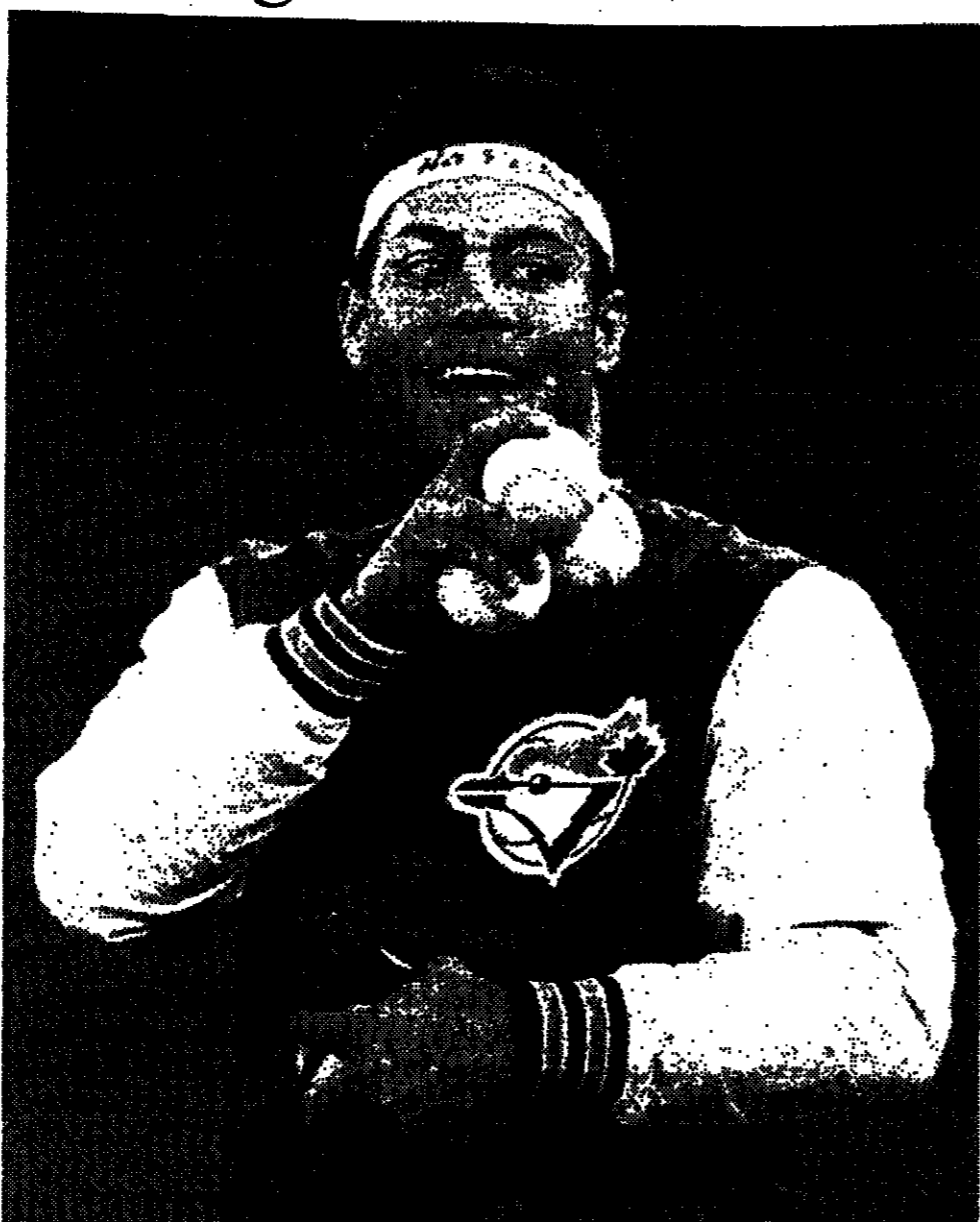
Getting Down to Series Business: Sliders vs. Fastballs

WORLD SERIES SCHEDULE
All times are EDT
Saturday, Oct. 16
Philadelphia at Toronto, 8:29 P.M.

EUROPE
The Armed Forces Network, based in Frankfurt, will be broadcasting all games live.

ASIA
In Japan, NHK will telecast all games live. In South Korea, the Armed Forces Network will carry all games live on radio and television.

ELSEWHERE
ESPN International, the satellite sports network, will carry all games live and can be received in Asia, the Pacific, Latin America and South America.



Toronto's Roberto Alomar had his hands full, but his head band showed a lack of fear before Game 1.

Toronto manager Cito Gaston said Dave Stewart would follow Guzman, but did not say who would pitch after that.

For a hitter facing either Guzman or Schilling for the first time, it is even tougher. Which is why not a lot of scoring was expected in Game 1 of the World Series on Saturday night at the SkyDome.

Toronto manager Cito Gaston said Dave Stewart would follow Guzman, but did not say who would pitch after that.

John Kruk, Phillies: Ripped uniform pants and all, Kruk is always fun to watch.

Kevin Stocker, Phillies: The rookie came up big after being called up from the minors.

Tommy Fernandez, Blue Jays: Fernandez returned to the Jays after a trade with the Mets and helped them finish first.

Mariano Duncan and Mickey Morandini, Phillies: Both came through with some key hits in the playoffs.

Kevin Stocker, Phillies: The rookie came up big after being called up from the minors.

Tommy Fernandez, Blue Jays: Fernandez returned to the Jays after a trade with the Mets and helped them finish first.

Mariano Duncan and Mickey Morandini, Phillies: Both came through with some key hits in the playoffs.

Third Base
Dave Hollins, Phillies didn't get a lot of hits in the playoffs, but he did hit two two-run homers against Greg Maddux.

Pat Borders, Blue Jays: Borders drove in three runs in Game 6 against Chicago.

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SOCCER: In Qatar, Keeping Politics Off the Field

Continued from Page 1
ing body, is taking any chances. In an exceptional gesture, representatives of all six national associations were invited to FIFA headquarters in Zurich in July to headquarter the air and discuss potential problems.

competing that aren't used to playing together."
As for the fans, perhaps the main security risk, Qatar began by not issuing visas to Iranians and Iraqis who were not part of their nations' official delegations.

the quarterfinals. South Korea has qualified for the finals three times, in 1954, '86 and '90. Iran did so in 1978 and Iraq in 1986.

U.S. Survives Scare by Paraguay in Dunhill Cup

ST. ANDREWS, Scotland—The United States survived a scare from Dunhill Cup giant-killer Paraguay on Friday before winning 2-1 to set up a three-way battle for a place in the semifinals.

Top-seeded Zimbabwe needed a victory on the third extra hole by Tony Johnstone over Jose Cocher to beat Argentina, 2-1, after Nick Price missed a six-foot (1.8-meter) putt at his first playoff hole against Eduardo Romero to lose.

"The best thing that happened today was Paraguay winning a point from the United States," said the Scottish captain, Colin Montgomerie.

more in tune with my game. The putting wheel I put in last night paid off."
Mexico's shock victory over South Africa was boosted by Fulton Allem's double bogey six at the first extra hole when he hit his second shot into the Swilcan Burn in front of the first green. He lost to Carlos Espinosa.

England, the defending champion, leads the group after beating Taiwan despite a 72-73 loss by Nick Faldo to Chen Liang-shi.

SIDELINES

Endeavour Maintains Solid Lead

SOUTHAMPTON, England (Reuters)—New Zealand Endeavour held a solid 56-mile lead in the Whitbread Round the World yacht race on Friday as strong winds pushed the boats down the coast of South America.

Maradona Back as Argentine Chief

BUENOS AIRES (Reuters)—Diego Maradona will return as Argentina's captain for the two-leg World Cup playoff against Australia, the national soccer team's coach, Alfio Basile, said on Friday.

Graf Wins Damages Over Rock Song

MANNHEIM, Germany (Reuters)—A German rock band was ordered to pay Steffi Graf 60,000 Deutsche marks (\$37,735) in damages on Friday after it recorded a song suggesting that she had had an incestuous relationship with her father.

McDonald's to Sponsor '96 Games

ATLANTA (AP)—McDonald's has paid \$40 million to become the seventh major corporate sponsor for the 1996 Atlanta Olympics.

Atlanta Mascot Gets a New Name

ATLANTA (AP)—Whititz, the much-maligned mascot of the Atlanta Olympics, has a new name: Izzy.

Quotable

David Letterman, the television host-comedian: "It's fall in New York, which means the air is filled with the smell of burning Mets season tickets."
Ted Turner, owner of the Atlanta Braves: "If I only had a little humility, I would be perfect."

SCOREBOARD

GOLF

Dunhill Cup Results

Table with 2 columns: Group 2, Group 3, Group 4. Rows list players and scores.

WESTERN CONFERENCE

Table with 2 columns: W, L, T, Pts, GF, GA. Rows list teams and statistics.

PACIFIC DIVISION

Table with 2 columns: W, L, T, Pts, GF, GA. Rows list teams and statistics.

THURSDAY'S RESULTS

Table with 2 columns: W, L, T, Pts, GF, GA. Rows list teams and statistics.

FOOTBALL

NFL Standings

Table with 2 columns: W, L, T, Pts, PF, PA. Rows list teams and statistics.

AMERICAN CONFERENCE

Table with 2 columns: W, L, T, Pts, PF, PA. Rows list teams and statistics.

BASEBALL

Japanese Leagues

Table with 2 columns: W, L, T, Pts, PF, PA. Rows list teams and statistics.

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TRANSACTIONS

Table with 2 columns: Player, Team, Position. Rows list player movements.

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INTERNATIONAL CLASSIFIED

Advertisement for international classified services, including travel, insurance, and business services. Includes contact information for various agencies.

Advertisement for the Herald Tribune, featuring a quote about living in the U.S. and subscription information.

DAVE BARRY

In the Changing Booth

Miami — You men will be relieved to learn that fashion designer Donna Karan has come out with a list of menswear items that you must have. This is a big load of my mind. I HATE making my own menswear decisions. I hate everything about buying menswear. Especially pants. I can never find pants in my size. This is jeans 33-31 (these numbers refer to what are technically known as the "waist" and the "inseam"). I would call this an average size, but for some reason, the pants industry makes only about two pairs of 33-31 pants per year, and they're always gone by the time I get to the department store, leaving me to paw through the Mutt and Jeff Designer Clothing Collection. In an effort to find something at least close to my size, I end up trying on a lot of pants in those changing booths with the postcard-sized swinging doors that offer you the same level of privacy as you'd get if you tried on pants while standing on a counter in Ladies' Cosmetics. (Actually, you'd get MORE privacy in Ladies' Cosmetics, because the customers have been temporarily blinded by complimentary fragrance samples.) Privacy is a problem, because there are always women lurking around the changing area, making sure their husbands buy pants that fit. They know that their husbands HATE trying on pants and will, if left alone, purchase the first pair they put on, even if it does not have the correct number of legs. So the women stand just outside the changing area, peering in, trying to get Pant News Updates: WOMAN: Michael? How do they fit? MAN: They fit fine. WOMAN: Michael, I want to see them. MAN: I said they fit FINE. WOMAN (barging into the changing area): LET ME SEE THEM. I personally consider this kind of behavior to be degrading to the husband. I never shop for pants with my wife. This is why I personally own several dozen pairs of pants that don't fit. I'd like to buy just one set of clothes, the RIGHT clothes, and never have to buy again. That's why I'm so pleased about the new

Donna Karan Fashion Essentials catalogue of "must-have menswear items." This catalogue, according to an accompanying press release, is being distributed "to select consumers." You will be pleased to learn that the Fashion Essentials catalogue does NOT include a skirt. This is good news, because Donna Karan does sometimes have her male models appear in fashion shows wearing skirts. But for now, at least, you will not be required to purchase one, although this could change; the release states that "Karan will re-evaluate each Essential item to make sure that the product mix remains current." I was surprised to note that the Essentials catalogue also does not include underwear, which most guys I know view as an essential clothing item, both for formal occasions and for popping up beer spills. What the catalogue DOES include is a 100 percent Scottish cashmere jogging suit ensemble, consisting of a "hooded zip-front jogger" for \$1,960 and a "drawing sweat pant" for \$1,465. I know what some of you men are thinking. You're thinking that you're not going to spend \$3,425 on a jogging suit unless it also comes with a car. I'm sorry, men, but that is exactly the kind of bad attitude that keeps you off the list of select consumers. Altogether, the catalogue features 25 essential garments, requiring a basic fashion investment of \$18,452.50. I am certain that all the essential garments in the catalogue are very attractive. Unfortunately, they are, of course, black, and they have been photographed under dim light against a black background. The catalogue is a festival of gloom. In most of the photographs, the only thing you can see clearly is the ghostly, floating face of the model. Your concern is bringing your wardrobe up to minimum acceptable fashion standards. So I want you to sell that extra kidney, go to a store that carries the Donna Karan Menswear line, and start purchasing your Fashion Essentials. While you're there, pick me up a size 33-31 balmacan. Knight-Ridder Newspapers

Good Musical News In Middle America

By Mike Zwerin

PARIS — Take a look at John Hiatt and the first adjective that comes to mind is "American." Listen to him speak and sing the songs he writes and you'd probably come up with "middle-American." Considering the songs themselves, you might think something about the best and the brightest. The first stanza from his "(The) Most Unoriginal Sin" gives you an idea of the talent of one of the finest songwriters around. What there was left of us Was all covered in dust and thick skin A halfhearted apple Or the whole Sistine Chapel Painted on the head of a pin A life long love's worth Gone up in a smirk And you didn't even see her waltz in... Too bad there's not more room for the rest ("the whole naked truth was wearing an infidel's grin" played the devil played wild violin..."). It would be nice to be able to just quote it all and throw it in with a B-side on a bonus CD single and leave it at that. That way you wouldn't need me to tell you the melodies are haunting with an enhanced bubba edge and interpreted on a musical level rock rarely reaches. On the other hand, there's something to learn about America through somebody who was born in Indianapolis and lives on a farm 30 miles from Nashville who can write songs like this. This is good news. America can still turn out sophisticated popular music that sells, written by sensitive people who care about something other than sales. And it's nice to be able to stop bemoaning Cole Porter. Forty years old now, he looks younger than the last time we met, six years ago, when his face was cracked and fractured. You could see something was broken inside. He had still not recovered from years of drinking after the suicides of his brother and his estranged wife. He told me then that he "operated totally out of fear for years. I was so screwed up I invented another persona I thought might survive better in the world. I knew exactly where 'I' ended and 'he' began. I was misbehaving in some very peculiar ways." A working marriage and two daughters and an adopted son helps. Like you could see the hurt before, you can see the heal now when he talks about his family and farm and the life he leads. Acceptance by his peers has been a bonus. His songs have been covered by Bonnie Raitt, Bob Dylan,

Emmylou Harris, Aaron Neville, Joan Baez, David Crosby, Willie Nelson, Iggy Pop, Paula Abdul and Mitch Ryder among many others. The peak of his career, the time he spent recently with a band called Little Village, was, however, a mixed blessing. Composed of Hiatt and Ry Cooder (vocals and guitars), Nick Lowe, bass, and Jim Keltner, drums, Little Village was touted as a sort of no-star-trip, all-star band. Just four renowned, cultivated, seasoned individual musicians who liked to play together. But Hiatt says: "We got sidetracked about halfway through. Maybe it was the pressure of living up to something. We got into what I call 'overdub hell,' where you try combining little bits of this and that and pretty soon you got a cow with chicken legs on it. It's like... 'Wait a minute! That's not like any creature I've ever seen.' It was a real interesting experience, and playing with those guys is like playing with nobody else, but after awhile I really wanted to make very simple loud bonehead clatter. After that experience, I absolutely had to play with younger musicians." His son Rob kept bringing him grunge records, Sonic Youth, Nirvana, Pearl Jam and the rest. Hiatt liked the way they sang, they seemed to be trying to wrestle with some kind of honest feeling, not trying to copy any stance. It was accessible, he liked the simplicity of it. It was like... "Oh! I know this stuff. I know what this is." He calls it a "knucklehead approach to music, kind of Midwest Meathard, just three chords and a pretty good intention." He thought: "This is O.K. This is my musical heritage." Hiatt thinks of "bonehead" as a sort of dedication. You do what works for you, straight-ahead. When Elvis Presley wanted his acoustic guitar to be louder he simply held it closer to the microphone. Hiatt was hearing grunge while playing with Little Village and it influenced him to write the songs for his new album "Perfectly Good Guitar" (A&M). The title song is about a rock star who keeps smashing his guitars onstage, "until you'd break his mamma's back." Off in the dark you can hear somebody saying: "I don't know who they think they are, smashing a perfectly good guitar." And at the end the rock star finds himself Late at night, at the end of the road, wishing he still had that guitar to hold. Never let it come to any harm. Representing the best and the brightest



Songwriter Hiatt: "Why can't we all live together?"

involves being aware of the worst and the best. Hiatt doesn't like what's going on in America: "Why can't we all live together? Never have the various ethnic groups that comprise America been more alienated. I'd like to see that change but I'm not a political writer. I cover what I know best, the politics of men and women. But it does burn me out. When I was coming up, black and white musicians were making sounds together. There's not a lot of that going on right now. "There seems to be this attitude, like, 'We are this way and you are not and we do not want to include you in the way that we are.' I hear this in country music and on rap records as well. 'We don't want to be like you and we don't even want you to know what this is about.'" He never studied music, just learned three chords so he could start writing songs: "I didn't want to know about dotted eighths." But if he had to do again he'd educate himself musically, "to gain the spiritual knowledge that way rather than the other way around." He considers himself "like a primitive artist, art brut rather than Monet." He likes being 40, sensing "some grace and pieces falling off, the hair falling out and the sagging here and there." He looks forward to growing old together with his wife, and perhaps writing short stories rather than just songs. "Just! songs?" "Yeah. I feel hemmed in sometimes. I'd like to stretch out and write fiction but I'm scared to death of it. I'm familiar with the song form: three verses, a couple of choruses and you're out of there. Like a good surgeon. What I'm hoping for when I put these little tunes down is to be able to communicate with somebody and have them let me know through some kind of feedback that they've felt that way too. And so then it's O.K. There's somebody else out there. That's the way I felt when I first heard Dylan. That's the payoff."

John Hiatt, currently touring Europe, will play La Cigale in Paris on Oct. 21.

PEOPLE

All About Bob Hope: Truly Unauthorized

Bob Hope traded girlfriends with Bing Crosby and kept beautiful women in apartments near his home so he could visit them on midnight strolls, a biographer says. Arthur Marx, the son of Groucho Marx, says in "The Secret Life of Bob Hope," to be published next month, that Hope, now 90, had an active extramarital sex life. Stories of Hope's sexual activities have circulated in Hollywood for decades, some privately told by the comedian himself, but Hope always brushed aside the reports publicly. Ward Grant, Hope's publicist, said "I hope Marx makes a lot of money off the book so he can buy his own damned life." Valentino and the actress Sharon Stone have denied that Stone was paid to walk a Paris runway in one of the designer's outfits. Stone appeared in a white bridal minidress at the end of Valentino's show, getting huge attention from photographers but indifferent reviews as a model. It took a long court fight, but Axl Rose of Guns 'n' Roses now has a namesake in Sweden: the 19-month-old son of Camilla Olsson of Helsingborg, Otson, a fan of the group, named her son Axl, varying from the accepted Axl. But in Sweden, newborns cannot be registered unless their names are on an approved list. She finally prevailed when she found that someone had won approval for Erik, instead of Erik. Hillary Clinton has opened up a whole can of ah, peas. Clinton was taping some health advice for "Sesame Street" and got the script — "Eat your broccoli, string beans and green peas" — changed to substitute the word "apples" because "hardly anyone likes peas." There seems to be a difference of opinion. "The pea is one of the most popular vegetables we've got," said Stephen Anderson, president of the American Frozen Food Institute, "especially with children. I know people who give 'em to their kids as snacks." The White House is bracing for an onslaught of outraged friends of peas. INTERNATIONAL CLASSIFIED Appears on Pages 4, 8 & 9

WEATHER

Weather forecast section including tables for Europe, Asia, Africa, North America, Latin America, Middle East, and Oceania. Includes a map of Europe and text descriptions for various regions.

POSTCARD

French Declines in Indochina, as English Booms

By Michael Richardson

VIENTIANE, Laos — As the fight for control of Indochina between Communist and anti-Communist forces reached a peak of intensity in 1969, the supposedly pro-American government of Laos paid a backhanded compliment to France. It used a large cache of cement provided by the United States for airfield construction to build a monumental arch near the center of Vientiane that was distinctly reminiscent of the Arc de Triomphe in Paris. More than a gesture of defiance, the arch also seemed to represent a bond of sentimental attachment to French culture. It remains a focal point in Vientiane, but that other bond, the language, is on the defensive. Like Vietnam and Cambodia, Laos was part of French Indochina until the mid-1950s. Yet the failure of France in recent years to keep up with other foreign aid donors, investors and traders eager to secure access to the resources of Indochina and its market of some 80 million consumers, has helped to catapult English to prominence.

For many of the companies that have moved into Indochina, whether from the West or Asia, the language of communication between foreign managers and their local staff is predominantly English. "We still belong to the French-speaking group of countries," said Phongsavath Boupha, the Laotian vice minister for foreign affairs. "But the young generation is not speaking French so much. English has become the most popular language here. It is the international and commercial language." Laos is represented by its president and foreign minister at an annual meeting of French-speaking nations sponsored by France that began in Mauritania on Wednesday and will end Sunday. Vietnam and Cambodia also sent high-level delegations to the talks, intended to promote closer ties between the participating countries based on their French connections. Aware that it has slipped badly in Indochina, the French government is seeking to increase the economic and cultural presence of France in the region. However, at least one recent attempt by France to make up lost ground has caused

resentment. Earlier this month in Phnom Penh, about 1,000 Cambodian students staged a peaceful protest against mandatory French language classes at their technical institute. Asserting that English would help the country to develop faster, the students called for it to be made Cambodia's official second language in place of French. In both Cambodia and Laos, French remains the official second language of government. But English is the boom language in Indochina. Scores of backyard English schools teach capacity crowds nightly in Phnom Penh. Government schools in Laos cannot meet the demand for English, and two private language schools in Vientiane run by Australian teachers have to turn people away. Nguyen Xuan Oanh, a business consultant in Saigon and government economic adviser, estimated that Saigon now had three times as many students learning English as French. "English has become the language of business in Vietnam," he said. "It's a must for anyone who wants a job with a foreign company or even with a Vietnamese firm that has significant contacts with foreigners."

"I wonder if the little guy had fun today?"



Sharing the day's events with loved ones back in the States has never been easier. Whenever you're away, simply dial the AT&T access number of the country you're calling from and an English-speaking AT&T Operator or voice prompt will put you through in seconds. You can bill the call to your AT&T Card, U.S. local calling card, or call collect. You'll get economical AT&T rates and keep hotel surcharges to a minimum. It's all part of our continuing commitment to be there for you. Even when you're on the other side of the planet. So surprise someone back home with a call. Who knows? Perhaps they'll have a little surprise for you.

Table of AT&T Access Numbers. Columns include country names and their corresponding AT&T access numbers. Includes countries like Andorra, Armenia, Austria, etc.

Continues on third page. In-country calling or collect calls to the U.S. (World Connect) Service prices apply. Collect calling is available to the U.S. only. Public phones require coin or card. Access provided only to U.S. residents. Collect calls to U.S. from public phones. Dial '12' first, outside U.S. Dial '011' first, outside U.S. Dial 010-480-0111 from major Western hotels. For additional access numbers, dial the AT&T access number for the country you're in and ask for USA Direct Customer Service. Service to the U.S. is available in over 130 countries. Country-to-country calling is available between major phone numbers. © 1993 AT&T

